

Mortgage Loan Insurance Handbook




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**CMHC MORTGAGE LOAN INSURANCE HANDBOOK
AMENDMENT RECORD SHEET**

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Note: For completion instructions see II 0000-02.



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The Insurance Servicing Manual has been prepared to provide Approved Lenders with policies and procedures for administering loans insured under the National Housing Act, including default management of these loans. New loan details, and special programs are documented separately in the Insurance Initiation Manual and the Special Programs Manual respectively. All three manuals replace the present NHA Loan Insurance Handbook.

The main purpose of the Insurance Servicing Manual is to facilitate the Approved Lender's understanding of CMHC policies and procedures and enable these to be readily located.

The Insurance Servicing Manual will be regularly updated and maintained by the Senior Communications Analyst, Insurance Products Division, from whom additional copies may be obtained.

Unless specified otherwise in this Manual, Approved Lenders should address all communications or correspondence relating to the policies contained herein to:

The Director
Insurance Products Division
Canada Mortgage and Housing Corporation
National Office
700 Montreal Road
Ottawa, Ontario K1A 0P7

Communication or correspondence relating to default management and/or claims, and requiring CMHC approval, are to be addressed to the Director, Mortgage Insurance Operations Centre at the above address.

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INTRODUCTION

This manual is designed to be easy to use, easy to reference and easy to update.

It is divided into:

Chapters - major divisions physically separated by numbered dividers

Sections - divisions of Chapters

Subjects - divisions of Sections.

LOCATION NUMBER

The manual uses a numbering system which combines Alpha Prefix and Chapter, Section and Subject numbers. The number is shown on the top right corner of each page.

Example:

IS 0203-01

IS - represents the manual name - Insurance Servicing

02 - is the Chapter number

03 - is the Section number

01 - is the Subject number.

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RETRIEVAL OF
INFORMATION

Studies on the use of manuals have shown that, in most cases, a user has a specific problem; thus, the manual is organized for random access. Procedure for finding a Subject follows:

1. Refer to Chapter divider marked "Subject Index" (0000-04). Subjects are listed in alphabetical order.

Note: To locate specific forms, refer to the Forms Index.

2. Use the location number to find the information.

A glossary is provided at the back of the manual (Chapter 99). These definitions apply only in the context of the manual.

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INTRODUCTION

The Amendment Record sheet has been designed to record all amendments, sequentially, by number and date. This Amendment Record sheet is contained at the front of the Insurance Initiation Manual. This simple system allows the user to determine that all revisions have been received.

PROCEDURE

When amendments are received:

1. Enter the date (day, month, year) of the amendment notice next to the appropriate number on the Record sheet.
2. Check to ensure all previous amendments have been received.

Note: Request copies of missing amendments from the:

Senior Communications Analyst
Insurance Products Division
CMHC National Office
700 Montreal Road
Ottawa, Ontario
K1A 0P7

3. Add new pages as shown on Advice to Approved Lenders.
4. Destroy old pages and Advice to Approved Lenders.

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CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

This Chapter deals with general information on loan administration. Following is an overview of its Sections.

For details, refer to location numbers indicated.

GENERAL

The lender is responsible for the protection of NHA insured loans.

(0101-02)

The lender is responsible for enforcing the mortgage clause which specifies that a mortgagor agrees not to use the property for commercial purposes.

(0101-03)

This Subject covers general information on the sale of property by mortgagor.

(0101-04)

CHANGES

This Section describes the amendments which can be made to the mortgage agreement form, and to the terms and repayment terms of a mortgage. It also covers the correction of an error in the loan insurance policy.

(0102-01)

PROPERTY
TAXES

Under certain conditions, a borrower may pay his/her own property taxes directly instead of including them with the monthly payments of principal and interest. Under the British Columbia Real Property Tax Deferment Act, an owner of eligible property may qualify for deferment of full or partial property taxes.

(0103-01)

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INSURANCE

A mortgagor should not be required to obtain life/disability income protection plan insurance coverage as a condition for loan approval. A lender must ensure that there is adequate property insurance coverage on a mortgaged property.

(0104-01)

REPORTING

Lenders are required to submit various types of loan reports to CMHC by a certain date. The processing of most of these reports is described.

(0105-01)

RELEASES

Requirements must be met before releasing personal covenants, additional collateral security or a part of the mortgaged property.

(0106-01)

CMHC MORTGAGE LOAN INSURANCE

Section GENERAL	Subject Approved Lender's Responsibility - Protection of Loans	Page 1 1995-12-20
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INTRODUCTION

The Approved Lender's responsibility for the protection of NHA insured loans consists of the following.

RETAIN PRIVILEGES
GRANTED UNDER
THE MORTGAGE

With regard to normal prudent mortgage practice, the Approved Lender must attend to all matters relating to the approval, collection, property protection, and administration of the insured loan. This is required in order to retain the privileges granted to the mortgagee under the mortgage agreement.

PROTECTION FROM
ACTION INITIATED
BY THIRD PARTIES

The Approved Lender must take all appropriate precautions and conduct the necessary action to protect the mortgage security from actions:

- initiated by third parties, and
- which could jeopardize the mortgage security.

PROTECTION OF
VACANT/ABANDONED
PROPERTY

The Approved Lender must take all necessary precautions to protect the property from damages should:

- the Approved Lender become mortgagee in possession, or
- the property become vacant or abandoned while the insured loan is in default or during legal action.

For further details, see 0306-01 and 0307-01.

CMHC MORTGAGE LOAN INSURANCE

Section GENERAL	Subject Use of Property for Commercial Purposes	Page 1
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INTRODUCTION

The mortgage form **used** for documenting NHA insured loans contains a clause by which the mortgagor agrees that he/she will not:

- use the property, or
- permit it to be used for commercial purposes.

ENFORCING
THE CLAUSE

The enforcement of this mortgage clause is the responsibility of the Approved Lender. CMHC can only ensure that its policy on commercial space is complied with at the approval stage of the loan.

PERMITTING USE
AFTER ISSUING
CERTIFICATE OF
INSURANCE

There is no covenant in the Mortgage Loan Insurance Policy or in the National Housing Loan Regulations preventing the Approved Lender from permitting the following after the issue of the Certificate of Insurance:

- that the property be used for commercial purposes, or
- that the ratio of the commercial space be increased in cases of multiple housing projects.

However, under Regulation 48, the Approved Lender must not be negligent in the protection of the loan security. Otherwise, by NHA Section 14.5(1)(c)(i) if a claim is made against the Mortgage Insurance Fund, CMHC could deduct from the claim, the amount of damage resulting from the negligence.

CMHC MORTGAGE LOAN INSURANCE

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		1990-09-01

INTRODUCTION

Sale of the mortgaged property by a mortgagor other than a builder does not affect the mortgage insurance provided:

- the terms of the mortgage remain unchanged
- no personal covenants are released, and
- for loans in the Province of Quebec, the purchaser assumes all of the obligations under the deed of loan and hypothec.

Note: For details on the processing of Builder's Sales, see Administrative Guide for Home Ownership First-Mortgage Loan Insurance.

SALE RESTRICTION
CLAUSE - RENTAL
HOUSING PROJECT

A resale restriction clause may have been inserted in the mortgage form or renewal agreement to ensure a purchaser has the financial capability and management expertise to adequately administer the project. For further details, see Insurance Initiation Manual.

RENTAL PROJECTS
SUBJECT TO 75-76-
78 ASSISTED RENTAL
PROGRAMS (ARP)

Sale of the project or any part of this will immediately terminate the agreement unless the sale is made:

- with the approval of CMHC, and
- on such terms and conditions as is acceptable to CMHC.

For further details, see 0205-01.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

This Section deals with various types of changes/corrections to mortgage documentation/information. An overview follows.

MORTGAGE
AGREEMENT
FORM

Only certain authorized variations can be made to a mortgage securing an NHA insured loan. Where this mortgage has been documented on **an inappropriate** mortgage form, no corrective action is required, under certain conditions.

(0102-02)

MORTGAGE
TERMS

There are some amendments to the terms of the **CMHC 1000 series mortgage forms** which do not require prior approval from CMHC.

(0102-03)

MORTGAGE
REPAYMENT
TERMS

The Approved Lender may reduce the amount of the monthly payments of a loan under certain conditions. In addition, there are certain GPM annual upward adjustments in the mortgagor's monthly principal and interest payments which must be implemented.

(0102-04)

CORRECTION OF
ERROR IN
CERTIFICATE OF
INSURANCE AFTER IAD

If an error in the Certificate of Insurance is discovered after it has been issued, it must be corrected.

(0102-05)

CMHC MORTGAGE LOAN INSURANCE

Section CHANGES	Subject Mortgage Agreement Form	Page 1
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INTRODUCTION

A mortgage securing an NHA insured loan should substantially agree to the appropriate **terms** prescribed by CMHC. Any variation to the **CMHC 1000 series mortgage forms** other than those mentioned below can only be made with approval from the Director, Insurance Products Division.

Details on amendments to the mortgage agreement form follow.

AUTHORIZED
VARIATION TO
MORTGAGE FORM

The mortgage securing an approved loan may be amended by the Approved Lender as follows:

Rental Housing Loans

The Approved Lender must insert in the mortgage a resale restriction clause. The acceptable wording is as follows:

"The mortgagor covenants and agrees with the mortgagee that in the event of the mortgagor selling, conveying, transferring or entering into an agreement for sale or of transfer of title of the property hereby mortgaged to a purchaser or transferee not approved of in writing by the mortgagee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall forthwith become due and payable at the mortgagee's option and sole discretion."

CMHC MORTGAGE LOAN INSURANCE

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AUTHORIZED
VARIATION TO
MORTGAGE FORM
(Cont'd)

Renewable Mortgage - for a short term loan, amend mortgage by including the provision stating that, at the option of the Approved Lender, in situations where the borrower is financially unable to support the mortgage payments and default is likely to occur, or as a solution to recover the arrears of principal, interest and taxes:

- the original amortization period may be extended for an additional period not exceeding, in the aggregate, the lesser of 40 years from the Interest Adjustment Date, or the remaining economic life of the building; and
- at such interest rate as determined by the Approved Lender.

Note: For a leasehold loan, the extended amortization period must end at least five years prior to the land lease term.

Existing Housing Property - a mortgage securing a loan that is not made to assist in the construction of a housing project may be amended by deleting the clause identifying the mortgage as a building mortgage.

LOANS DOCUMENTED
ON INAPPROPRIATE
MORTGAGE FORM

Sometimes, an Approved Lender may note that an NHA insured loan has been documented on an inappropriate conventional mortgage form that does not contain the mandatory NHA loan insurance clauses (refer to Section II 9902-05). No corrective action is required and the Approved Lender may operate as if the NHA loan was correctly documented. The loan continues to be insured under the Act provided the Approved Lender:

CMHC MORTGAGE LOAN INSURANCE

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LOANS DOCUMENTED
ON INAPPROPRIATE
MORTGAGE FORM
(cont'd)

- refrains from enforcing against the borrower those provisions in the conventional mortgage form which are more onerous on the borrower than those in the CMHC mortgage form
- has taken appropriate steps to ensure that future NHA insured loans are documented on the appropriate mortgage forms.

VARIATION TO
MORTGAGE FORM
NOT APPROVED BY
CMHC

CMHC will not approve a variation to any mortgage securing an insured loan which would:

- require the mortgagor to make payments on life or disability income insurance as an obligation under the mortgage, or
- make the failure to pay such premiums, a default under the mortgage.

CMHC MORTGAGE LOAN INSURANCE

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		1995-12-20

INTRODUCTION

Under the National Housing Loan Regulations, Approved Lenders may amend the terms of an insured loan as indicated below. Any other amendments to the terms of an insured loan cannot be made without:

- prior reference/approval of CMHC (Director, Insurance Products Division); and
- an amendment or endorsement to the Certificate of Insurance.

INTEREST
ADJUSTMENT DATE -
POSTPONEMENT

Postpone the IAD as permitted by Regulation 36(2). For further details, see Insurance Initiation Manual, Section II 0304-09.

EXCESS
MORTGAGE
PAYMENTS

Accept payments in excess of those provided in the mortgage to reduce the outstanding loan as permitted by Regulation 35.

INTEREST BONUS -
WAIVING

Waive, as outlined in Regulation 35, the payment of the prepayment penalty (interest bonus) which is prescribed in the mortgage form.

CONSENT TO
EASEMENT -
RESTRICTION/
ENCROACHMENT

Consent, as permitted under Regulation 37(2)(a), to the creation of easement, restriction or encroachment to which CMHC would not be entitled to object as stated in Regulation 44(3).

INTEREST RATE
REDUCTION

Reduce the interest rate from that stated in the mortgage, and if appropriate, reduce the monthly payment accordingly.

CMHC MORTGAGE LOAN INSURANCE

Section CHANGES	Subject Mortgage Repayment Terms	Page 1
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INTRODUCTION

The Approved Lender may agree with the borrower to reduce the amount of the monthly payments where:

- an approved loan is not fully disbursed
- part of the loan is repaid prior to the full disbursement of the loan
- the revised monthly payments are sufficient to repay the loan over the amortization period established for the loan as approved.

Details follow on changes to the repayment terms of the mortgage.

RE-AMORTIZATION OF
RESIDUAL PRINCIPAL
BALANCE

Provided the borrower is not in default under the terms of the mortgage, the Approved Lender may, under certain conditions:

- re-amortize the residual balance of a loan on the written request of the mortgagor, and
- revise the monthly payments accordingly.

The residual balance of a loan can be re-amortized over:

- the remainder of the original amortization period, where additional principal payments have been accepted
- a reduced amortization period where:
 - additional principal payments have been accepted, or
 - the borrower has requested permission to increase the monthly principal and interest payments on a regular basis.

CMHC MORTGAGE LOAN INSURANCE

Section CHANGES	Subject Mortgage Repayment Terms	Page 2 1999-04-30
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RE-AMORTIZATION OF
RESIDUAL PRINCIPAL
BALANCE
(Cont'd)

In either case, the resulting monthly payment (principal, interest, taxes) plus the following **cannot exceed** a Gross Debt Service ratio of 32%:

- 50% of condominium fees where applicable, and
- the estimated space heating cost.

In situations where the borrower's financial circumstances do not warrant such action, extension to the original amortization period is not an acceptable change to the loan condition after the Request - Certificate of Insurance has been issued. For details, see IS 0303-05.

MANDATORY CHANGES
TO GPM PAYMENT

The borrower's monthly principal and interest payments on all GPM mortgage accounts are subject to an annual upward adjustment in the following cases:

Homeowner Loans - 5%

Rental Loans - 2% to 9% depending on original loan documentation.

These annual upward adjustments are to be implemented at each anniversary of the mortgage Interest Adjustment Date until an equal payment level is eventually reached. Once this level has been reached:

- the mortgagor's monthly principal and interest payment is sufficient to amortize the outstanding loan over the remaining amortization period

CMHC MORTGAGE LOAN INSURANCE

Section CHANGES	Subject Mortgage Repayment Terms	Page 3 1990-10-01
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MANDATORY CHANGES
TO GPM PAYMENT
(Cont'd)

- the administration of the mortgage will be on the basis of a normal equal payment mortgage account.

The GPM annual upward adjustment in the mortgagor's current principal and interest payment must be implemented regardless of the mortgagor's financial situation and cannot be deferred on hardship grounds.

CMHC MORTGAGE LOAN INSURANCE

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CHANGES	Correction in Certificate of Insurance After IAD	1
		1995-12-20

INTRODUCTION

If an error in the Certificate of Insurance is discovered after it has been issued, correct the error as follows.

REQUESTING
CORRECTIONS

The Approved Lender is to request corrections through the local CMHC office.

REQUESTING NEW
CERTIFICATES
OF INSURANCE

If a new Certificate is requested, the Approved Lender's copy of the existing Certificate of Insurance, and any prior endorsements are to be returned for cancellation.

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

This Section deals with property taxes which may be excluded or included in the mortgagor's monthly payments of principal and interest.

GENERAL

This Subject provides general information on property taxes.

(0103-02)

EXCLUDING TAX
PORTION FROM
MONTHLY PAYMENTS

If requirements are met, a lender may, without CMHC approval, permit a borrower to pay his/her own property taxes directly.

(0103-03)

BRITISH COLUMBIA
REAL PROPERTY TAX
DEFERMENT ACT

Under this Act, a qualified owner of eligible property can have property taxes deferred in full or in part.

(0103-04)

CMHC MORTGAGE LOAN INSURANCE

Section PROPERTY TAXES	Subject General	Page 1 1990-10-01
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INTRODUCTION

General information follows on property taxes which may be excluded or included in the monthly payments of principal and interest.

PROPERTY TAX
ARREARS

If there is a claim on the Mortgage Loan Insurance Fund, the lender must clear all outstanding property tax arrears. CMHC may recognize tax arrears incurred prior to default as approved borrower's charges if the lender can demonstrate that it has acted prudently in the administration of property taxes, particularly by:

- verifying that taxes have been paid, and if necessary
- reinstating monthly tax deposits.

MONTHLY PAYMENT
REDUCTION DUE TO
LOWER TAXES

For flat rate repayment type mortgages, adjust the monthly payment downward where the annual taxes prove to be substantially less than the full amount specified in the tax clause. This occurs where:

- annual taxes were initially over-estimated, and
- assessments and/or mill rates are reduced, or
- local improvements are paid up during the life of the mortgage.

INTEREST CREDITS
ON TAX DEPOSITS

It should be noted that the tax clause in the prescribed mortgage form under the "Blended Repayment Term" provides in part that:

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTEREST CREDITS
ON TAX DEPOSITS
(Cont'd)

"The Mortgagee shall allow the Mortgagor interest, at not less than the prevailing rates allowed by the chartered banks on personal savings deposits, with chequing privileges, on the minimum monthly balance outstanding in the mortgage account from time to time to the credit of the Mortgagor for payment of taxes, such interest to be credited to the mortgage account not less frequently than once each year...."

This clause does not restrict a lender from allowing a greater rate of interest.

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY TAXES	Excluding Tax Portion From Monthly Payments	1
		1990-10-01

INTRODUCTION

The prescribed NHA mortgage form requires that the borrower make combined monthly payments of principal, interest and taxes. However, a lender may, without CMHC approval, permit a borrower to pay his/her own property taxes and reduce the monthly payments to principal and interest only, provided that:

- the mortgagor concurs in writing, and
- the following requirements are met.

For details on deferring property taxes under the British Columbia Real Property Tax Deferment Act, see 0103-04.

NEW LOANS

In this case, the mortgagor may pay his/her own property taxes directly if the following requirements are met:

1. When determining the borrower's financial capabilities, lenders must include the estimated annual amount for taxes in their calculations of the Gross Debt Service Ratio.
2. Lenders must deduct from the final advance any amount required to pay the taxes which:
 - have or will become due and payable on or before the day preceding the Interest Adjustment Date or finally established Interest Adjustment Date, and
 - are unpaid at the date of such final advance.
3. Borrowers must agree in writing to assume this responsibility, and to provide the lender with a copy of the receipted tax bill within 30 days after the due date of:

CMHC MORTGAGE LOAN INSURANCE

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NEW LOANS
(Cont'd)

- the final instalment in the case of homeowner borrowers, or
- each instalment in the case of multiple project borrowers.

In cases where it is verified that property tax instalments are less frequent than three times annually, an Approved Lender should seriously consider whether it is appropriate to authorize direct payment by mortgagors. Appropriate safeguards must be in place.

If the borrower fails to comply with these requirements, advise the borrower that he/she has ten (10) days to submit a receipted tax bill.

EXISTING
LOANS

In this case, a mortgagor may pay his/her own property taxes directly if requirement 3 above for new loans is met.

AFTER PERMISSION
IS GRANTED

Where permission has been granted to a mortgagor to pay his/her own property taxes:

- **verification for unpaid taxes must be made at each required instalment**, and if this verification confirms unpaid taxes, **the Approved Lender must** formally demand the borrower to pay these taxes immediately. If the default continues following a delay of 10 days, the Approved Lender must:

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY TAXES	Excluding Tax Portion From Monthly Payment	3
		1994-05-27

AFTER PERMISSION
IS GRANTED
(Cont'd)

- reinstate monthly tax deposits
- pay the arrears of the taxes together with any current taxes that might be due and payable as a charge to the mortgage account
- notify the mortgagor of the default, and if applicable
- report the default to CMHC as required in Regulation 40(1)(a) if the taxes paid exceed the equivalent of two monthly instalments of principal, interest and taxes.

Once the borrower is placed on repayment, the period for recovery of tax arrears and applied interest is not to exceed 18 months. Such an amendment must be reported in the comments section of the arrears report CMHC 987 (refer to IS 0305-01). In the event of a claim on the Mortgage Insurance Fund, taxes will only be included from the time of the last verifiable tax instalment date prior to mortgage default.

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY TAXES	British Columbia Real Property Tax Deferment Act	1
		1990-10-01

INTRODUCTION

Under this Act, the owner of an eligible property by way of an agreement with the Minister, may qualify for deferment of real property taxes. This full or partial deferment will constitute a lien on title subject to compound interest of 8%, and repayment when the property is disposed of by sale, transfer or otherwise.

Details on the deferment of taxes follow.

QUALIFYING FOR
DEFERMENT

To qualify for a deferment of full or partial taxes, an eligible property must have a building on it and be used for residential purposes. The owner of the eligible property qualifies if he/she:

- has been a resident in the Province for not less than one year immediately preceding the date he/she applies under the Act
- is a Canadian citizen or lawfully admitted to Canada under the Immigration Act for permanent residence, and
- is at any time during the year in which application is made, of the full age of sixty-five years or older, or a widow or widower, or a handicapped person as defined in the Handicapped Persons Income Assistance Act.

TAX DEFERMENT
REQUIREMENT

Approved Lenders may discontinue collecting the tax portion of the monthly payments from those borrowers who have applied and been approved for deferment of taxes under the British Columbia Real Property Tax Deferment Act. This deferment is on condition that an annual check is made to verify that the deferral agreement executed between the Minister and borrower is still in force.

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY TAXES	British Columbia Real Property Tax Deferment Act	2
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TAX DEFERMENT
REQUIREMENT
(Cont'd)

Where an annual check is not done, the agreement between the Minister and borrower may be terminated without the lender's knowledge and tax arrears could accumulate. Upon termination of this agreement, tax deposits are to be reinstated.

CMHC MORTGAGE LOAN INSURANCE

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INSURANCE	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with types of insurance.

For details, refer to location numbers indicated.

LIFE/DISABILITY
INCOME PROTECTION
PLAN INSURANCE

It may be of benefit to the mortgagor to carry life insurance and disability income protection.

(0104-02)

PROPERTY
INSURANCE

It is the Approved Lender's responsibility to ensure that a mortgaged property is protected by fire insurance and any other required coverages.

(0104-03)

CMHC MORTGAGE LOAN INSURANCE

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INSURANCE	Life/Disability Income Protection Plan Insurance	1
		1994-05-31

INTRODUCTION

CMHC recognizes that it may be beneficial for a mortgagor to carry:

- life insurance
- disability income protection, or
- both.

However, CMHC does place certain restrictions on the mortgagee in respect to this.

CONDITION FOR
LOAN APPROVAL

A mortgagee is not permitted to require a mortgagor to obtain the insurance coverage as a condition for obtaining an insured mortgage loan under the National Housing Act.

VARIATION TO
MORTGAGE

In certain situations, CMHC does not approve a variation to the mortgage securing the approved loan (for details see 0102-02).

APPROVED BORROWER'S
CHARGES

Where the borrower elects to remit life insurance and/or disability income protection payments with the required mortgage payments, the coverage afforded by this insurance is a matter between the mortgagee and borrower. Claim settlement under the provisions of the Approved Lender's policy of mortgage insurance excludes premium payments owing to the Approved Lender for life insurance/disability income protection plan coverage as CMHC does not provide insurance for these risks.

CMHC MORTGAGE LOAN INSURANCE

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INSURANCE	Property Insurance	1
		1995-04-20

INTRODUCTION

The Approved Lender administering the insured loan must ensure that the interests of the mortgagee are adequately protected by fire insurance including insurance against other standard insurable perils. This is in accordance with normal mortgage practice [Regulation 39(1)].

INSURANCE
COVERAGE

The **CMHC mortgage document** (Deed of Loan and Hypothec in Quebec) requires the mortgagor to insure the mortgaged premises against fire and other hazards for its full replacement value.

Approved Lenders must also include their name as a loss payee insured, as their interest may appear.

For revenue producing properties, it is customary for the borrower to carry a variety of additional coverages, e.g.:

- boiler and machinery insurance
- rental income or business interruption insurance.

Approved Lenders should ensure that adequate coverage for these special requirements is in force at all times.

VACANT OR
ABANDONED
PROPERTY

Where a mortgaged property is vacant or abandoned, the Approved Lender must obtain a vacancy permit from the insurance company to ensure that the insurance coverage remains in effect. This vacancy permit should be renewed when necessary.

CMHC MORTGAGE LOAN INSURANCE

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REPORTING FIRE
DAMAGE TO CMHC

Where the fire damage exceeds \$4000, the Approved Lender, upon becoming aware of the damage, must provide the following information to the local CMHC Manager for the territory in which the mortgaged property is situated:

- CMHC account number
- a brief description of the damage and estimated cost of repair
- whether the proceeds from the fire insurance policy are to be applied in reducing the loan or released for the repair of the property.

INSPECTION OF
REPAIRS BY CMHC

If the information received by CMHC indicates that the fire damage is to be repaired (see "Reporting Fire Damage To CMHC" above), CMHC will:

- arrange with the Approved Lender for the inspection of repairs, and
- notify the Approved Lender when the work is completed to its satisfaction.

If the Approved Lender wishes to release the loss proceeds in progress advances to the mortgagor, CMHC will also submit periodic reports of the progress of repairs on request.

In exceptional circumstances such as widespread storm damage where CMHC's ability to inspect damage is hindered because of high volumes, the relevant inspection requirements can be complied with if:

- the Approved Lender timely notifies CMHC; and
- CMHC, based on the circumstances, provides approval to repair or arranges for inspection.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INSURANCE	Property Insurance	3
		1990-10-01

TRANSFER OF
INSURANCE POLICY
AT TIME OF CLAIM
ON MORTGAGE
INSURANCE FUND
(Cont'd)

- an assignment of the lender's interest in the policy.

Claim With Conveyance Of Title - the lender must submit (see 0502-03):

- any fire insurance policy in its possession with an assignment of it to CMHC, and if applicable
- the vacancy permit to the solicitor or notary acting for CMHC at the time that title to the property is transferred or conveyed.

DAMAGED PROPERTY
AT TIME OF CLAIM
ON MORTGAGE
INSURANCE FUND

If a property is damaged by fire or other standard insurable perils, the lender must ensure that the property is repaired before claim settlement, to the satisfaction of CMHC. Where repairs to the property have not been carried out or completed to the satisfaction of CMHC, the amount of the claim shall be reduced by an amount equal to the cost of the work to be done.

Note: CMHC does not consider the costs to the lender for effecting any repairs as borrower's charges.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
REPORTING	Approved Lender Requirements	1
		1993-01-04

INTRODUCTION

There are various types of loan reports that Approved Lenders must submit to CMHC by a specified date.

A brief description of these reports follow.

LOANS ON REAL
ESTATE -
CONVENTIONAL
(CMHC 897)

Approved Lenders must report conventional loans on real estate to CMHC:

- monthly
- using Report - Conventional Loans Approved on Real Estate, Form CMHC 897 (see illustration on page 3).

For report processing details, refer to the explanatory notes on the reverse side of the form.

ARREARS REPORT
(CMHC 987)

Month-End Reporting - Approved Lenders must report on all NHA insured loans:

- in arrears at the end of the month in an amount equal to or in excess of three monthly instalments of principal, interest and taxes, or
- in default at the end of the month by reason of failure to complete construction as a result of bankruptcy, insolvency or otherwise.

CMHC MORTGAGE LOAN INSURANCE

Section REPORTING	Subject Approved Lender Requirements	Page 2 1999-11-19
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ARREARS REPORT
(CMHC 987)
(cont'd)

This report must be submitted:

- within 30 days following the end of each month
- using Report of Loans in Arrears, Form CMHC 987, or a report format approved by CMHC which provides that the information contained in the report agrees to the information to be supplied on Form CMHC 987.

For further details on reporting requirements and processing of this report, see 0305-02.

Individual Loan Reporting - in addition to the usual separate month-end reporting requirements for existing homeowner and rental arrears, Approved Lenders must report, individually, any new loans for rental projects of seven units or more in arrears:

- within one month and 10 days from the date on which the last instalment was due and unpaid (see IS 0305-03 for more details); and
- using Report of Loans in Arrears, Form CMHC 987 and adding the words "Special Report" at the top of the form.

For further details on processing the report, see 0305-03.

CMHC MORTGAGE LOAN INSURANCE

Section

REPORTING


Subject

Approved Lender Requirements

Page

3

1993-01-04

CMHC SCHL

 Helping to
 house Canadians
 Question habitation,
 contactez-nous

LENDOR / PRETEUR	PROCESS DATE TRATE - DATE	STATUS DATE ETAT - DATE	COLL. MOD. CAUSE	NE
1. 5	6. 9	10. 12	14. 15	16

Check Applicable Pointer & propos	0
New Construction Nouvelle construction	0
Existing Property Propriété existante	1

INSTITUTION REPORTING: INSTITUTION FASANT RAPPORT	H/O ADDRESS: ADRESSE S.S	FOR MONTH OF POUR LE MOIS DE
---	--------------------------	------------------------------

REPORT - CONVENTIONAL LOANS APPROVED ON REAL ESTATE
RAPPORT - PRÊTS ORDINAIRES APPRouvÉS SUR PROPRIÉTÉ IMMOBILIÈRE

Canada

PROVINCE	SINGLED'ACHÉES / DWELLINGS MAISONS INDIVIDUELLES				MULTIPLE DWELLING STRUCTURES / BATIMENTS A LOGEMENTS MULTIPLES													
					EXCLUDING CONDOMINIUM / SAUF COPROPRITÉ						CONDOMINIUM / COPROPRITÉ							
	LOANS PRÊTS		AMOUNT/MONTANT (Nearest Dollar/Au dollar près)		LOANS PRÊTS		UNITS LOGEMENTS		AMOUNT/MONTANT (Nearest Dollar/Au dollar près)		LOANS PRÊTS		UNITS LOGEMENTS		AMOUNT/MONTANT (Nearest Dollar/Au dollar près)			
NEW F.N.	0	17-18	19	23	24	35	36	40	41	45	46	55	56	60	61	66	67	76
P.E.I.A.C.E.	0	1																
N.S.N.E.	0	2																
M.B.N.B.	0	3																
Q.U.E.	0	4																
ONT.	0	5																
MAN.	0	6																
S.A.S.K.	0	7																
ALTA.	0	8																
B.C.C.B.	0	9																
YUKON	1	1																
N.W.T.N.O.	1	2																
TOTAL	17	18	19	23	24	35	36	40	41	45	46	55	56	60	61	66	67	76

[illegible]



CMHC MORTGAGE LOAN INSURANCE

Section REPORTING	Subject Sale of Insured Loans (CMHC 975)	Page 1 1990-10-20
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INTRODUCTION

A lender or purchaser other than an Approved Lender may sell NHA insured loans to:

- an Approved Lender
- a person other than an Approved Lender, provided the insured loan continues to be administered by an Approved Lender, or
- CMHC under authority of the NHA.

The Approved Lender administering the loan at the time of the sale must report all sales of NHA insured loans to CMHC:

- within 30 days of the sale
- using Report - Sale of NHA Insured Loans, Form CMHC 975
- including whether or not the insurance policy has been assigned to the purchaser.

Details on processing the report follow.

AT TIME OF SALE

APPROVED LENDER

1. Complete Form CMHC 975 (see illustration on page 3).

Note: If the mortgage loan insurance policy has not been assigned:

- the name of the purchaser may be omitted on the report although this information is of benefit to CMHC
- only the number of loans and the aggregate principal balance outstanding need to be reported.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
REPORTING	Sale of Insured Loans (CMHC 975)	2
		1990-10-01

APPROVED LENDER
(Cont'd)

2. Ensure that the report is signed by the insured, and the Approved Lender:

- purchasing the insured mortgage, or
- administering the insured mortgage if the purchaser is not an Approved Lender.

WITHIN 30 DAYS OF THE SALE

3. Send 2 copies of the completed form CMHC 975 to:

The Supervisor, Document Processing
Statistical Services Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario K1A 0P7

Note: CMHC will return one acknowledged copy of the report to the Approved Lender who:

- purchased the insured loan, or
- administered the insured loan.

ON RECEIPT OF REPORT COPY

4. Attach copy to the mortgage loan insurance policy.

IS 0105-02

CMHC 2884 3/90

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
REPORTING	Change in Approved Lender Administering Loans (CMHC 975)	1
		1990-10-01

INTRODUCTION

When the administration of an insured mortgage loan (as distinct from the sale of an insured loan) is transferred from one Approved Lender to another, CMHC must be notified:

- within 30 days
- using, as required, Report - Sale of NHA Insured Loans, Form CMHC 975.

Details on reporting this transfer follow.

WITHIN 30 DAYS OF TRANSFER

APPROVED LENDER

1. Prepare, in duplicate, notice of change, ensuring that the following information is included:

- CMHC account number
- effective date of the change in administration, and
- name of the Approved Lender who will administer the loan.

Note: If form CMHC 975 is used, alter the form as follows:

- replace the word "Sale" in the heading of the form with the word "Transfer"
- replace the word "Sold" in the upper portion of the form where the owner's name and address appear, with the words "Transferred the Administration".

For illustration of the form, see 0105-02.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
REPORTING	Change in Approved Lender Administering Loans (CMHC 975)	2
		1990-10-01

APPROVED LENDER
(Cont'd)

2. Send both copies of the notice to:

The Supervisor, Document Processing
Statistical Services Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario K1A 0P7



CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
REPORTING	NHA Insured Loans Outstanding (CMHC 1383)	2
		1990-10-01

APPROVED LENDER
(Cont'd)

Note: Loans Administered For Subsidiaries

- where the parent company administers loans for their subsidiaries, a list of the companies' names should be submitted. Also indicate in the report whether the:
 - principal outstanding on loans for these subsidiaries is included, or
 - information is being reported by the subsidiaries separately.
2. Ensure that the report is certified by an officer of the Approved Lender administering the insured loan.
3. Send the report to:

The Director
Underwriting Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario K1A 0P7

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
REPORTING	NHA Insured Loans Outstanding (CMHC 1383)	3
		1990-10-01

Canada Mortgage and Housing Corporation  Société canadienne d'hypothèques et de logement

Canada

CMHC / SCHL 1383

4/88

REPORT AND RECONCILIATION — NHA MORTGAGE LOANS OUTSTANDING
RAPPORT ET CONCILIATION — PRÊTS HYPOTHÉCAIRES LNH EN COURS DE REMBOURSEMENT

14307

APPROVED LENDER / PRÊTEUR AGRÉÉ

REPORT YEAR
RAPPORT DE L'ANNÉE

19

Report the Number and Aggregate Principal amount of all NHA mortgage loans outstanding as at November 30, for:

All loans insured under the National Housing Act:

- (A) Owned and administered by the Reporting Approved Lender.
(B) Administered by the Reporting Lender for other than Approved Lenders.
(C) Administered by the Reporting Lender for other Approved Lenders. (Include list of Lenders at bottom of page and attach separate list if applicable)

Include a reconciliation of the change over the calendar year in Number and Aggregate Principal Amount of NHA Insured Loans outstanding. Where precise numbers and amounts are not available for items 2, 4, 5, 7, data may be estimated.

The Report is to be certified by an Officer of the Approved Lender and submitted within 45 days after November 30 of each year to: Canada Mortgage and Housing Corporation, Montreal Rd., Ottawa, K1A 0P7.

Rapporter le nombre et le montant global de principal de tous les prêts hypothécaires LNH en cours de remboursement au 30 novembre

Tous les prêts assurés aux termes de la Loi nationale sur l'habitation.

- (A) détenus et administrés par le prêteur agréé qui fait rapport.
(B) administrés par le prêteur qui fait rapport, pour d'autres que des prêteurs agréés.
(C) administrés par le prêteur qui fait rapport, pour d'autres prêteurs agréés. (Nommer ces prêteurs au bas de la page et annexer une feuille distincte au besoin)

Inclure une conciliation des variations, survenues pendant l'année civile, du nombre et du montant global de principal des prêts assurés LNH en cours de remboursement. Lorsque le nombre et le montant exacts ne sont pas disponibles, les données aux postes 2, 4, 5, 7, peuvent être estimatives.

Le rapport doit être authentiqué par un administrateur cadre du prêteur agréé et présenté dans les 45 jours qui suivent le 30 novembre de chaque année à la Société canadienne d'hypothèques et de logement, Chemin Montreal, Ottawa, K1A 0P7.

NHA INSURED LOANS / PRÊTS ASSURÉS LNH

ITEM POSTE	A OWNED AND ADMINISTERED BY APPROVED LENDER DÉTENU ET ADMINISTRÉS PAR LE PRÊTEUR AGRÉÉ		B ADMINISTERED FOR OTHER THAN APPROVED LENDERS ADMIN. POUR D'AUTRES QUE DES PRÊTS AGRÉÉS		C ADMINISTERED FOR OTHER APPROVED LENDERS ADMIN. POUR D'AUTRES PRÊTEURS AGRÉÉS	
	NUMBER NOMBRE	PRINCIPAL AMOUNT MONTANT DE PRINCIPAL \$	NUMBER NOMBRE	PRINCIPAL AMOUNT MONTANT DE PRINCIPAL \$	NUMBER NOMBRE	PRINCIPAL AMOUNT MONTANT DE PRINCIPAL \$
FIRST MORTGAGE LOAN / PRÊT HYPOTHÉCAIRE DE PREMIER RANG						
1 Loans Outstanding Dec. 1 last year. En cours de remboursement au 1 déc. de l'an dernier		000.00		000.00		000.00
GROSS INCREASE AUGMENTATION BRUTE	(a) Number of new accounts opened during this year. Nombre de nouveaux comptes ouverts au cours de la présente année					
	(b) Disbursements on Loans Décaissements de prêts	000.00		000.00		000.00
	3 Purchases of Loans Achats	000.00		000.00		000.00
	4 Other Increases Autres augmentations	000.00		000.00		000.00
	TOTAL GROSS INCREASE AUGMENTATION BRUTE TOTALE	000.00		000.00		000.00
GROSS DECREASE REDUCTION BRUTE	(a) Number of Loans Fully Repaid during this year. Nombre de prêts intégralement remboursés au cours de la présente année					
	(b) Repayments on Loans Remboursements de prêts	000.00		000.00		000.00
	6 Sales of Loans Ventes	000.00		000.00		000.00
	7 Other Decreases Autres réductions	000.00		000.00		000.00
	TOTAL GROSS DECREASE REDUCTION BRUTE TOTALE	000.00		000.00		000.00
8 LOANS OUTSTANDING NOV. 30 THIS YEAR EN COURS DE REMBOURSEMENT AU 30 NOV. DE LA PRÉSENTE ANNÉE		000.00		000.00		000.00
SECOND MORTGAGE LOAN / PRÊT HYPOTHÉCAIRE DE SECOND RANG						
TOTAL LOANS OUTSTANDING NOV. 30 THIS YEAR TOTAL EN COURS DE REMBOURSEMENT AU 30 NOV. DE LA PRÉSENTE ANNÉE		000.00		000.00		000.00

* List all Approved Lenders for which loans are being administered under B(C). (Attach separate list if applicable)

- 1)
3)

* Inscrire les prêteurs agréés pour lesquels vous administrez les prêts dont le montant paraît en B(C). (Annexer une feuille distincte au besoin)

- 2)
4)

DATE	POSITION / FONCTION	SIGNATURE

CMHC MORTGAGE LOAN INSURANCE

Section RELEASES	Subject Overview	Page 1 1990-10-01
---------------------	---------------------	-----------------------------

INTRODUCTION

This Section deals with the requirements for releasing various types of security. An overview follows.

For details, refer to location numbers indicated.

PERSONAL
COVENANTS

Before releasing a builder, mortgagor or guarantor from his/her personal covenant, certain requirements must be met.

(0106-02)

ADDITIONAL
COLLATERAL
SECURITY

Under certain conditions, the release of additional collateral security may require the prior approval of CMHC.

(0106-03)

PART OF THE
MORTGAGED
PROPERTY

For loans secured by a first mortgage, a part of the mortgaged property may be released if certain requirements are met.

(0106-04)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Personal Covenants	1
		2000-07-07

INTRODUCTION

Details follow on the release of the mortgagor's personal covenant and builder's covenants.

BUILDER'S
COVENANT

The Approved Lender may release a builder of his/her personal covenant where the builder's covenant has been assumed or replaced by a home purchaser that has been qualified using CMHC Mortgage Loan Insurance eligibility criteria.

MORTGAGOR OTHER
THAN BUILDER -
HOMEOWNER LOANS

The Approved Lender may release the original mortgagor's personal covenant:

- only in the event of a sale, and
- where this covenant is replaced by the personal covenant of a new mortgagor that has been qualified using CMHC Mortgage Loan Insurance eligibility criteria.

The following conditions also apply to these releases:

- the account is not in arrears
- the current purchaser has maintained a sound payment record for a satisfactory period.

Note: If not enough time has elapsed from the date of sale to establish this record, a credit report must be obtained. The Approved Lender must determine that the current purchaser meet(s) CMHC's underwriting requirements.

- the mortgage covenants are legally assumed by the new owner through an executed Assumption Agreement

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Personal Covenants	2
		2000-07-07

MORTGAGOR OTHER
THAN BUILDER -
HOMEOWNER LOANS
(Cont'd)

- the release only applies to individuals.

Note: In the Province of Quebec - where a hypothecary debtor requests a release of obligation under the Deed of Loan, legal advice should be obtained. This advice is required to ensure that the position of the hypothecary creditor is not jeopardized by the granting of such a release.

MORTGAGOR OTHER
THAN BUILDER -
HOMEOWNER LOANS -
OTHER THAN SALE

The Approved Lender may release the original mortgagor's personal covenant, where a request or transfer occurs for reasons other than sale to a third party (e.g., transfer to beneficiaries of an estate, or in the case of divorce or separation) provided:

- the remaining covenantor(s) have the financial capacity to meet their mortgage obligations; and
- this covenant is replaced by the personal covenant of the replacement mortgagor; or
- the covenants of the replacement mortgagor or remaining mortgagors are sufficiently strong to assume the mortgage obligation and that they meet CMHC underwriting requirements for the loan in question.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Personal Covenants	3
		1995-01-10

MORTGAGOR OTHER
THAN BUILDER -
MULTIPLE UNIT
PROJECT (LOAN FOR
3 OR MORE UNITS)

The release of a mortgagor's covenant for a loan on a multiple unit project requires the approval of CMHC. This approval is normally only given in exceptional instances where the ratio of loan to security value is such that there is little possibility of loss if default occurs. A request of this nature may arise where:

- the estate of a deceased person must be closed, or
- a corporate body which has sold the property wishes to surrender its charter.

In order to obtain CMHC's approval to such a release of covenant, the Approved Lender must submit a recommendation with the following information:

- the amount of the outstanding principal balance, and details of any payments in arrears
- the reasons for the request
- the paying record of the present owner of the property
- the approximate market value of the property
- opinions as to the ability of the present owner to continue to carry the mortgage obligation
- confirmation that the mortgage covenants have been legally assumed by the present owner through an Assumption Agreement.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Personal Covenants	4
		1995-01-10

MORTGAGOR OTHER THAN
BUILDER - MULTIPLE
UNIT PROJECT (LOAN
FOR 3 OR MORE UNITS)

Note: In the Province of Quebec - where a hypothecary debtor requests a release of obligation under the Deed of Loan, Approved Lenders are cautioned to consult their legal advisors. This consultation is required to ensure that their position as hypothecary creditor is not jeopardized by the granting of such a release.

GUARANTOR'S
PERSONAL COVENANT -
ONE OR TWO FAMILY
UNIT LOANS

An Approved Lender may release a guarantor from his/her personal covenant for a loan under the following conditions:

- a replacing guarantor's covenant has been obtained when this is deemed necessary
- the conditions which apply to the release of the mortgagor's covenant have been met (see page 1), or
- the covenant is no longer required as it was found that the mortgagor's covenant was sufficient to carry the loan repayment.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Additional Collateral Security	1
		1990-10-01

INTRODUCTION

The approval of CMHC may be required prior to releasing any additional collateral security.

CMHC APPROVAL
REQUIRED

If additional collateral security was taken as a further security to a loan, which was insured on that basis, the lender must obtain the consent of CMHC before releasing this collateral security.

The lender must submit the release approval request in writing, including the following:

- details of the additional collateral security
- reason the security was taken, and
- reason for recommending the release.

CMHC APPROVAL
NOT REQUIRED

The lender may release any collateral security which was taken as a further security to a loan on the lender's own initiative. This is provided that the borrower is not in default under the terms of the mortgage at the time of this release [Regulation 38(2)]. For additional information, see Insurance Initiation Manual.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Part of the Mortgaged Property	1
		1990-10-01

INTRODUCTION

The lender may release a part of the mortgaged property if the following requirements are met.

LOANS SECURED BY
FIRST MORTGAGE

1. The loan repayments must be current or placed in a current position as a condition of the release.
2. A sketch must be obtained showing the location of the improvements, including:
 - well and septic tank system if applicable, and
 - the land to be released in relation to the land being retained under the mortgage.
3. The release must not:
 - create any encroachments or restrict the continuing use of the remaining security for normal residential purposes
 - remove any right-of-way or easements that are beneficial to the mortgaged property
 - adversely affect the present or future use of the remaining security, nor affect the marketability of the remaining security in the community in which the property is situated.
4. The intended use of the released property must not damage the security.
5. The remaining sideyards, setback and lot area must continue to conform to the municipal/provincial requirements.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Part of the Mortgaged Property	2
		1993-12-10

LOANS SECURED BY
FIRST MORTGAGE
(Cont'd)

6. The well and septic tank system, if applicable, are fully contained within the retained land and the area of the security is sufficient for their efficient autonomous operation.
7. Where a release is requested for a parcel being expropriated, the value and saleability of the remaining security should be considered. If this severance becomes detrimental to the remaining security, consider applying sufficient funds to reduce the outstanding principal balance of the mortgage accordingly.
8. Any adjacent land acquired by the borrower in exchange for the portion to be released must be made subject to the mortgage.
9. The release must not result in an increase in the current Loan to Value ratio (LTV) of the mortgaged security.

Example:

. Original data:

Value	\$1,000,000
Mortgage	\$ 900,000 (90%)
Amortization	25 years

. Present data:

Market value	\$2,200,000
Mortgage	\$ 650,000
Amortization	17 years

. Situation - Partial release of 50% of property

$$\frac{(\text{Loan outstanding}) \$ 650,000}{(\text{Curr. market val.}) \$2,200,000} = \frac{\$ 325,000 (\text{Loan outstanding-Residual})}{\$1,100,000 (\text{Curr. market val.-Residual})}$$

* Pay down of \$325,000 required to maintain the same LTV for partial release of 50% of property.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
RELEASES	Part of the Mortgaged Property	3
		1993-12-10

LOANS SECURED BY
FIRST MORTGAGE
(Cont'd)

10. Approved Lenders should feel free to
consult with CMHC where:

- there are extenuating circumstances, or
- the release may have a significant effect
on the value of the remaining security.

REF 6676
JAN 1968

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SPECIFIC LOAN ADMINISTRATION - GENERAL	Chapter Overview	1
		1990-10-01

INTRODUCTION

This Chapter deals with the administration of specific types of loans. Following is an overview of its Sections.

SPECIFIC LOAN
ADMINISTRATION -
GENERAL

General information on specific loan types is provided.

(0201-02)

For long term mortgages, the provincial laws of Ontario and Quebec contain provisions that documents registered on title become extinct in certain cases over a period of time.

(0201-03)

CMHC pays an administration fee to Approved Lenders who administer agency loans.

(0201-04)

DISBURSEMENTS FOR
CONDOMINIUM/STRATA
UNIT COMMON
EXPENSES

General information is provided on this type of disbursement. Also provided are the provincial requirements relating to these disbursements.

(0202-01)

SHORT TERM
MORTGAGE
RENEWALS

There are various conditions which apply when renewing short term mortgages, including Graduated Payment Mortgages (GPMs), or when converting an Equal Payment Mortgage to a Variable Rate Mortgage. Details are also provided for calculating monthly payments on renewal of GPMs.

(0203-01)

ASSISTED RENTAL
PROGRAM (ARP)
LOANS

ARP loans are administered under the 1975, 1976, and 1978 programs. Policies have been developed to minimize 1975-76 ARP rental project failures.

(0204-01)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SPECIFIC LOAN ADMINISTRATION - GENERAL	Chapter Overview	2
		1990-10-01

SALE OF ASSISTED
RENTAL PROJECTS

This Section deals with the transfer of the ARP Agreement to a purchaser/trustee if certain conditions are met on the sale of a rental project. It also lists the documentation requirements, and gives the conditions for writing off assistance under the 1976 ARP program.

(0205-01)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SPECIFIC LOAN ADMINISTRATION - GENERAL	General	1
		1990-10-01

INTRODUCTION

General information follows on the administration of specific types of loans.

VETERANS HOUSING
ASSISTANCE PROGRAM

A DVA grant terminates if any of the following situations occur:

- sale of property
- refinancing of the property, or
- veteran ceases to occupy the property.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SPECIFIC LOAN ADMINISTRATION - GENERAL	Long Term Mortgages - Ontario and Quebec	1
		1990-10-01

INTRODUCTION

The provincial laws of Ontario and Quebec contain provisions that documents registered on title become extinct in certain cases over a period of time.

PROVINCE OF
ONTARIO

The Registry Act, Revised Statutes of Ontario, Chapter 409, Section 112 provides that no claim which has existed longer than 40 years will affect the land unless a notice of this claim is registered before the expiration of the 40-year period. This does not apply to land registered in any Land Titles Registry office

PROVINCE OF
QUEBEC

The Quebec Civil Code contains a provision to the effect that registered privileges and hypothecs become extinct 30 years after the date of registration unless this registration is renewed before the 30-year period expires.

SIGNIFICANCE FOR
LOAN INSURANCE

The preceding requirements have special significance for NHA loans repayable over such terms. It requires that action be taken at the appropriate time to preserve the lender's claim against the lands.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SPECIFIC LOAN ADMINISTRATION - GENERAL	Agency Loans	1
		1990-10-01

INTRODUCTION

Details follow on agency loans administered by Approved Lenders.

ADMINISTRATION
FEE

The following clauses provide for the payment of an administration fee by CMHC:

- Clause 13 of the Agency Agreement dated September 3, 1957, and
- Clause 5 of the Agency Agreement for the Administration of NHA loans dated September 25, 1957.

Although each of these clauses specifies a different rate and method for the calculation of the fee, the amount of fee determined by using either method is equal in amount.

DEDUCTION OF
BONUS

In accordance with the terms of the mortgage, the bonus of three months' interest collected in the following cases is not to be included in calculating the administration fee:

- where additional payments are made, or
- where repayment in full is accelerated.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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		1990-10-01

INTRODUCTION

General information on disbursements for condominium/strata unit common expenses follows.

For specific provincial requirements, see 0202-02.

APPROVED
BORROWER'S
CHARGES

For mortgage insurance claim purposes, CMHC recognizes disbursements covering common expenses and special levies properly assessed against each unit in the project as approved borrower's charges under the following circumstances:

- Disbursements required to remove a registered lien from title in respect of common expense arrears that:
 - has legal priority over the lender's first mortgage, and
 - cannot be terminated by foreclosure or other legal proceedings taken by the lender to acquire title to a unit.
- Common expenses which fall due from the first of the month in which the unit is abandoned or otherwise becomes vacant prior to acquisition of title to the unit by the lender.
- Other disbursements made with the prior written approval of CMHC where the lender has safeguarded its interest as mortgagee by exercising its option under the terms of the mortgage to pay common expenses that the mortgagor failed to pay to the Condominium Corporation.

Note: These approved borrower's charges are in accordance with National Housing Loan Regulation 47(1).

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

There are provincial requirements relating to disbursements for condominium/strata unit common expenses. The requirements outlined below are specifically for the Province of Ontario but may be similarly applied to other provinces as legislation permits.

For general information on these disbursements, see 0202-01.

LIEN FOR UNPAID
COMMON EXPENSES

Under Section 32(4) of the Condominium Act, the condominium corporation has a lien for unpaid common expenses which expires unless the condominium corporation registers a notice of lien within 3 months after the default occurred.

LIEN ON
RESIDENTIAL
UNIT

Under Section 33(1), a lien on a residential unit has priority over the first mortgage, and according to Section 33(5), this priority is preserved provided notice of the lien is given to every registered encumbrancer on or before the day the notice of lien is registered.

APPROVED
BORROWER'S
CHARGES

1. Under Section 1(1)(q), the definition of an owner includes a mortgagee in possession. Therefore, CMHC accepts disbursements as borrower's charges in respect of common expenses which fall due from the first of the month in which the unit is abandoned or otherwise becomes vacant.
2. Lenders are encouraged to arrange for condominium corporations to notify them informally by letter when the unit owner is in default for at least two clear months, but not more than three months of common expense arrears.

CMHC MORTGAGE LOAN INSURANCE

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APPROVED
BORROWER'S
CHARGES
(Cont'd)

Lenders can pay these defaults as approved borrower's charges even though a notice of lien has not been registered. This avoids the legal costs associated with the registration of the notice of lien and the subsequent discharging of this lien.

3. Where the lender cannot make the arrangements described in 2. above, CMHC will recognize:

- the disbursements covering the amount claimed in the notice of lien but not exceeding 3 months of common expense arrears up to the date of the notice of lien, plus
- any further common expense default that occurred up to the date of the disbursement.

4. CMHC will also recognize the following:

- disbursements which cover up to 3 months of common expense default in order to obtain clear and marketable title by way of a Quit Claim
- disbursements by lenders covering common expenses falling due each month from the date the lender acquires title until title is conveyed to CMHC (i.e., closing date).

5. Special assessment arrears are dealt with in the same manner as common expense arrears where payable by the lender.

Note: Special assessments refer to amounts levied over and above the monthly common expenses for major repairs, etc.

CMHC MORTGAGE LOAN INSURANCE

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OTHER
DISBURSEMENTS

Any disbursement for common expense arrears other than referred to in "Approved Borrower's Charges" above, requires the prior written approval of CMHC to be eligible for reimbursement in a claim.

CMHC MORTGAGE LOAN INSURANCE

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SHORT TERM MORTGAGE RENEWALS	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with renewals of short term mortgages. An overview follows.

For details, refer to location numbers indicated.

GENERAL

This Subject covers general information on short term mortgage renewals.

(0203-02)

RENEWAL OR
EXTENSION
CONDITIONS

There are various conditions which apply when renewing or extending short term mortgages. These conditions also apply to Graduated Payment Mortgages.

(0203-03)

GRADUATED PAYMENT
MORTGAGES -
CALCULATING MONTHLY
PAYMENTS

When Graduated Payment Mortgages are to be renewed, the monthly payments should be calculated as outlined.

(0203-04)

CONVERTING EQUAL
PAYMENT MORTGAGES
TO VARIABLE RATE
MORTGAGES

There are various conditions which apply when converting an EPM loan to a VRM loan at renewal.

(0203-05)

CMHC MORTGAGE LOAN INSURANCE

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		1993-12-10

INTRODUCTION

General information follows on the renewal of short term mortgages.

At the expiry of the initial term and of any subsequent renewal, the mortgage may be renewed:

- for a minimum term of one year, and
- at a rate of interest as is agreed upon between the borrower and the Approved Lender (but not exceeding the average charged for insured loans at the date of renewal by the majority of Approved Lenders).

However, for home ownership only, CMHC allows interest rate adjustments at the end of six months if the mortgage is open. This is to permit the borrower to select a longer term:

- at any time without penalty
- with the same Approved Lender.

The interest rate and the adjusted payments must be according to NHA Guidelines (refer to Insurance Initiation Manual).

INSURANCE
COVERAGE

For home ownership mortgage renewals, the mortgage loan insurance coverage remains in effect without further fee or amendment to the mortgage loan insurance policy.

CMHC MORTGAGE LOAN INSURANCE

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RENEWAL
DOCUMENTATION

Renewals are to be arranged according to normal mortgage practice. The precise procedures to follow and the form of renewal/extension document to use are to be determined by the lender, having regard:

- to local practice, and
- the particular preference of the Approved Lender.

CHANGE IN APPROVED
LENDER AT LOAN
MATURITY

If there is a change in Approved Lender at loan maturity and the following conditions apply, the mortgage loan insurance will remain in effect:

- the alternative financing arranged at the maturity of the mortgage is in an amount equal to or less than the unpaid balance of the insured loan
- the borrower requires that the original mortgage be assigned to the new Approved Lender
- the mortgage continues to be administered by an Approved Lender.

The sale of the insured loan and the assignment of the mortgage loan insurance policy is to be reported to CMHC as described at 0105-03.

RELEASE OF PERSONAL
COVENANTS AT
MORTGAGE RENEWAL

Approved Lenders are responsible for adhering to provincial statute limitations (as in the province of British Columbia with recent amendments to the British Columbia Law Reform Amendment Act) to ensure that mortgagors are not inadvertently released from their covenants unless the new purchasers have been approved. Refer to 0402-05.

CMHC MORTGAGE LOAN INSURANCE

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		1999-04-30

INTRODUCTION

The conditions for renewing or extending short term mortgages are outlined below.

VARIANCE
RESTRICTIONS

Varying from the conditions of the original mortgage shall be restricted to the interest rate, term, monthly payment and amortization period.

RENEWAL TERM

For details on the minimum period permitted, see IS 0203-02.

AMORTIZATION
PERIOD

Provided the borrower is not in default under the terms of the mortgage, the Approved Lender may, under certain conditions, re-amortize the residual balance of a loan over:

- the remainder of the original amortization period, where additional principal payments have been accepted;
- a reduced amortization period where additional principal payments have been accepted, or where the borrower has requested permission to increase the monthly principal and interest payments on a regular basis.

In either case, the resulting monthly payment (principal, interest, taxes) plus the following cannot exceed a Gross Debt Service ratio of 32%:

- 50% of condominium fees where applicable, and
- the estimated space heating cost.

CMHC MORTGAGE LOAN INSURANCE

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AMORTIZATION
PERIOD
(cont'd)

In situations where the borrower's financial circumstances do not warrant such an action, extension to the original amortization period is not an acceptable change to the loan condition after the Request - Certificate of Insurance has been issued. For details, see IS 0303-05.

RENEWAL FEE
OR CHARGE

At the time of loan commitment or renewal, the Approved Lender must advise the borrower of the fee for the upcoming renewal. A renewal fee cannot be:

- levied in excess of the disclosed amount, or
- charged to the mortgage account.

PREPAYMENT
PRIVILEGES

The NHA prepayment privilege clause in all CMHC mortgage forms securing an NHA insured homeowner mortgage loan can be amended at renewal so that prepayment privileges are no more onerous on the borrower than the ones in place for a new NHA mortgage. Approved Lenders should be aware that:

- any revised prepayment privileges may be subject to the provisions of Section 10 of the Interest Act Canada, which provides for the extension of prepayment privileges in certain situations
- the inclusion of an amended prepayment privilege clause upon renewal is a matter of negotiation between the Approved Lender and the borrower.

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RENEWAL WITH
NO DEFAULT

The Approved Lender should be prepared to renew a mortgage if there has been no default:

- in the payment of any monthly instalment during the mortgage term, or
- in the observance or performance of any covenants or obligations of the borrower under the mortgage.

The renewal should be for:

- successive minimum renewal terms of one year until the loan is fully repaid, and
- at interest rates not exceeding the prevailing market rates for NHA insured lending.

RENEWAL WHERE
DEFAULT RECTIFIED

If any of the following conditions apply, the Approved Lender should renew the mortgage rather than initiate a claim on the Mortgage Insurance Fund:

- a borrower has rectified an arrears situation during the mortgage term, and
- has maintained a good payment record for at least six months immediately prior to the renewal date.

RENEWAL WHERE
DEFAULT EXISTS

The loan should not be renewed if:

- a borrower is in serious arrears at the time of renewal, and
- is about to be referred for legal action or legal action has been initiated.

CMHC MORTGAGE LOAN INSURANCE

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CAPITALIZATION OF
MONTHLY INSTALMENT
ARREARS AT MATURITY

The capitalization of any unpaid interest and monthly tax instalments to expedite the renewal of a matured mortgage is not normally an acceptable change to the terms of repayment pursuant to the National Housing Loan Regulations. However, where the borrower's financial circumstances warrant such action, the Approved Lender may approve capitalization, within the authorities outlined in IS 0303-06.

PAYMENT IN FULL
AT MATURITY

When the balance owing under the mortgage is paid in full at maturity, no prepayment is involved. Therefore, there is no entitlement to a bonus of three months' interest.

RENEWAL OF
GPM LOANS

The renewal conditions outlined above also apply to a Graduated Payment Mortgage. For details on calculating the monthly mortgage payments, see IS 0203-04.

CONVERTING FROM
GPM TO EPM

Borrowers should be offered the opportunity to convert to Equal Payment Mortgages (EPMs) whenever possible. This should be encouraged whenever the resulting level of monthly payments is within 10% of that of the previous year, and hardship is not evident.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

The information provided below is to assist Approved Lenders in calculating the monthly payments on renewal of Graduated Payment Mortgages (GPMs).

For renewal conditions, see 0203-03.

HIGHER MORTGAGE
INTEREST RATE
AT ROLLOVER

Where the interest rate at rollover is in excess of the existing rate, the monthly mortgage payment is to be adjusted upward to reflect the:

- required GPM annual increase (5%), and
- higher interest charges.

A sample calculation is illustrated on page 4.

Note: In the sample, the impact of the higher interest rate is calculated using the actual mortgage balance. Given the method used to calculate the original write down, the difference should actually be calculated using the balance that would be outstanding had the loan been originally made on an equal payment basis. Approved Lenders with the capacity to calculate this balance are encouraged to do so and use it in the calculation.

Hardship Cases:

Home Ownership Loans - sometimes, the revised mortgage payments result in the borrower's Gross Debt Service (GDS) Ratio being in excess of 30%. If this occurs, special payment arrangements may be made on a selective basis where the lender is satisfied that:

- the borrower is financially unable to support the increased mortgage payments

CMHC MORTGAGE LOAN INSURANCE

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HIGHER MORTGAGE
INTEREST RATE
AT ROLLOVER
(Cont'd)

- default is likely to occur, and
- the amount of mortgage loan is not likely to exceed the market value as a result of these special arrangements.

The following rollover conditions may be applied:

- The amortization period may be extended to a maximum of 40 years in total from the time the mortgage was initially insured. **However, the extended amortization may not exceed the remaining economic life of the building.**
- Where an extension is not possible or proves insufficient to reduce the GDS ratio at or below 32%, the required 5% GPM increase in payments may be reduced sufficiently to permit a 32% GDS. A reduction in the increase attributable to the higher interest rate is not permitted.

Rental Loans - where default is likely to occur on rental projects as a result of a higher interest rate, Approved Lenders should consult with the Manager, **Centre for Default Management and Real Estate, CMHC**, before implementing the rollover.

LOWER MORTGAGE
INTEREST RATE
AT ROLLOVER

When the mortgage rate of interest is reduced at rollover and the mortgage remains a GPM, the monthly payments are to continue to be adjusted upward by the mandatory annual increase (5%) of the outgoing principal and interest payment. This upward adjustment is only until the monthly payments are sufficient to amortize the outstanding amount of mortgage over the remaining amortization period.

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LOWER MORTGAGE
INTEREST RATE
AT ROLLOVER
(Cont'd)

A 5% increase in payments may not be needed to amortize the outstanding balance in those cases where there is a sufficient drop in the interest rate, regardless of the contractual arrangements with the borrower. In such cases, payments are not to increase beyond the level sufficient to amortize the balance over the remaining amortization period unless requested to by the borrower. A sample calculation is illustrated on page 5.

CMHC MORTGAGE LOAN INSURANCE

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Higher Mortgage Interest Rate - Calculating Payments

Original Mortgage	\$40,000
Original Interest Rate	10%
GPM Write Down	2.25
Amortization	25 years
Term	5 years
Mortgage Balance end of fifth year	42,576.13
Monthly Payment year five	325.51
Interest Rate on renewal	12%

1. Increase previous payments by 5%:

$$\$325.51 \times 1.05 = \$341.79$$

2. Calculate the impact of the Interest Rate Increase.

Assume an equal payment mortgage with a balance of \$42,576.13. Calculate monthly payments to amortize this loan, using the remaining 20 year amortization period of the GPM loan.

<u>Interest Rate</u>	<u>Payments</u>
10%	\$405.19
12%	<u>460.24</u>
	\$ 55.05

Increase due to interest rate change

3. Add the Increase due to the Interest rate change to the new payment calculated in step 1:

$$\$341.79 + 55.05 = \$396.84$$

CMHC MORTGAGE LOAN INSURANCE

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Lower Mortgage Interest Rate - Calculating Payments

Original Mortgage	\$40,000
Interest Rate	16%
GPM Write Down	2.25
Amortization	25 years
Term	3 years
Mortgage Balance end of third year	42,672.88
Monthly Payment year three	482.48
Interest Rate on renewal	12%

1. Increase previous payments by 5%:

$$\$482.48 \times 1.05 = \$506.60$$

2. Calculate payment to amortize \$42,672.88 at 12% over the remaining 22 year amortization period, i.e., convert to an equal payment mortgage:

Monthly payment factor	.010573
------------------------	---------

Monthly payment to amortize mortgage balance:

$$.010573 \times 42,672.88 = 451.18$$

3. Set revised mortgage payments at the lesser of that indicated by step 1 or 2:

Revised mortgage payment	451.18
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CMHC MORTGAGE LOAN INSURANCE

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		1993-01-08

INTRODUCTION

The following renewal conditions apply where an Equal Payment Mortgage (EPM) loan, in good standing, currently has NHA mortgage insurance in force and is:

- being converted at the maturity date to a Variable Rate Mortgage (VRM) in an amount not exceeding the outstanding balance, and
- not the subject of a new application through a different Approved Lender.

RENEWAL TERMS/
CONDITIONS

The Approved Lender will:

- qualify the borrower and loan on the same terms and conditions as a new VRM loan, without referring to CMHC, and
- ensure that the documentation supporting approval is retained on file in the event of a claim.

OBTAINING
AN APPRAISAL

A current appraisal must be obtained by the Approved Lender for his/her records.

LEVIES

No additional premium or premium surcharge should be levied against converted accounts.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

This Section deals briefly with the administration of ARP loans under various programs.

For a description of the Assisted Rental Program, see Special Programs Manual.

Note: The approval for projects under the 1975 - 1978 programs has terminated.

1975 PROGRAM

Under this program, the assistance is in the form of a non repayable subsidy advanced monthly and reduced proportionately to the term of the signed operating agreement.

(0204-02)

1976 PROGRAM

Under this program, which includes privately insured loans, there is a maximum assistance loan per year for each unit in a project. The assistance loan is interest free for the greater of 10 years or for the period of disbursement up to 15 years. This assistance is advanced monthly and is normally decreased by a certain percentage each year. Additional assistance is also provided by the province of Ontario and British Columbia.

(0204-03)

1978 PROGRAM

Under this program, which excludes privately insured loans, the assistance is in the form of a Payment Reduction Loan advanced monthly. Loan advances bear interest at the first mortgage rate from the date of advance. There is no provincial assistance provided. After the first year, the amount advanced is decreased by a certain percentage each year.

(0204-04)

CMHC MORTGAGE LOAN INSURANCE

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FORM CMHC 1934

Whenever certain events are known by the lender, Form CMHC 1934 must be used to inform CMHC. Depending on the event reported, CMHC may terminate, suspend or reinstate the payment of assistance.

(0204-05)

1975-76 ARP
PROJECTS IN
FINANCIAL
DIFFICULTIES

This Subject summarizes the policies which have been developed in order to minimize project failures.

(0204-06)

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Details on the administration of the ARP Loans
- 1975 Program follow.

ASSISTANCE

The assistance under this program is in the form of a non repayable subsidy representing the difference between:

- the economic rent required to administer the housing project, and
- the market rent, up to a specified maximum amount per unit, established at the time the project was approved.

The subsidy is reduced each year proportionately to the number of years for which an operating agreement has been signed between the borrower and CMHC.

Note: The minimum is 5 years to a maximum of 15 years.

The assistance is disbursed monthly, directly to the borrower, in advance of the mortgage payment.

OPERATING
AGREEMENT

Provisions - in addition to other provisions, the operating agreement provides that:

- the borrower must not sell or further encumber the property without CMHC prior approval
- audited financial statements must be remitted to CMHC each year, and
- the borrower cannot increase the rent in the project without CMHC approval.

Term - the operating agreement is for a specified period of not less than 5 years or more than 15 years.

CMHC MORTGAGE LOAN INSURANCE

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OPERATING
AGREEMENT
(Cont'd)

Operating Year - the operating year for the project is established in the operating agreement and is one which is most convenient to the borrower. This operating year may either coincide with:

- the fiscal year of the borrower, or
- a calendar year commencing with the interest adjustment date.

Effective Date - the operating agreement goes into effect on the Interest Adjustment Date (IAD) of the loan. This effective date does not pertain to rentals charged prior to the IAD.

ASSISTANCE
REDUCTION

When subsidy reduction is to begin depends on the operating year chosen by the borrower:

Fiscal Year - in this case, the reduction starts on the first day of the fiscal year of the landlord, provided this is at least six months after the interest adjustment date.

Calendar Year - in this case, the reduction may not be effected until the completion of one full operating year as defined in the agreement.

The withdrawal of subsidy is on a pro rata basis for the first and last period of the agreement.

RENTAL
INCREASES

Effective Date - rental increases take effect on the first day of the operating year. However, during the operating year the landlord may increase the rental rate in an amount sufficient to offset an extraordinary increase in operating costs. This is provided the increase in rental rates is verified and justified in the opinion of CMHC.

CMHC MORTGAGE LOAN INSURANCE

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RENTAL
INCREASES
(Cont'd)

By Owner - CMHC Concurrence Not Required - owners are permitted to increase rentals each operating year without the concurrence of CMHC, provided the accumulated increases are not greater than:

- the amount by which the subsidy is reduced, plus
- the amount of verified increases in operating costs over operating costs agreed to in the base year.

It is assumed all increases in rental are made according to existing provincial legislation.

NOTICE OF
PROPOSED
RENTALS

Three months prior to the end of each operating year, the owner must notify the local CMHC Manager as to the rentals that he/she intends to charge during the forthcoming year. Increases in rent are not to exceed the total of:

- the amount by which the subsidy is reduced under the terms of the operating agreement, and
- the amount of verified increases in operating costs as shown by audited financial statements for the immediate past operating year over those approved for the base year.

SUBMISSION OF
DETAILED AUDITED
FINANCIAL
STATEMENTS

Within four months after the end of each operating year, the owner must submit to the local CMHC Manager detailed audited financial statements relating to the project's operating year. If the audited statements do not support the rental increases put into effect, the owner is advised to adjust his/her rents accordingly. It is considered a breach of the operating agreement if:

CMHC MORTGAGE LOAN INSURANCE

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SUBMISSION OF
DETAILED AUDITED
FINANCIAL
STATEMENTS
(Cont'd)

- the requested statements are not submitted,
or
- rental adjustments are not complied with.

Note: Return on equity is limited to the
dollar amount specified in Schedule B of
the Operating Agreement.

NOTIFYING
CMHC - FORM
CMHC 1934

When certain situations are known to the
lender, CMHC must be notified immediately,
using Form CMHC 1934 (for full details see
0204-05).

SALE OF ASSISTED
RENTAL PROJECTS

For full details see 0205-01.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Details on the administration of the ARP Loans - 1976 Program follow.

Note: ARP 1976 includes privately insured loans.

ASSISTANCE

Although the approval for these projects has terminated, the following summary is provided for information purposes:

- The maximum assistance loan is \$2,160 per year for each unit in a project.
- The agreement which is negotiated between CMHC and the borrower is for 10 years.
- The assistance loan is normally decreased by 1/10th of the original amount per year.

Note: If the entrepreneur has adequate cash flow, the loan disbursement is accelerated (i.e., paid out in less than 10 years), or lengthened if necessary (i.e., paid out over more than 10 years) but not beyond the 15th year.

- The assistance loan is disbursed monthly, directly to the entrepreneur, in advance of the mortgage payments.
- The assistance loan is secured by a second mortgage which is repayable:
 - in full on the sale of the project or refinancing upwards (not renewal), or
 - by monthly payments, 13 months after the end of the disbursement period (this is as agreed upon initially).

CMHC MORTGAGE LOAN INSURANCE

Section ASSISTED RENTAL PROGRAM (ARP) LOANS	Subject 1976 Program	Page 2 1990-10-01
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ASSISTANCE
(Cont'd)

- Where a bona fide sale occurs, at market price, the applicant is allowed to deduct his/her original equity and the sale costs from the cash proceeds of the sale.
- The assistance loan is interest free for the greater of 10 years or for the period of disbursement up to 15 years, after which the NHA Section 15.1, 24.1 (formerly Section 58) lending rate applies.
- The assistance is available for modest housing, within specific guidelines.
- The rate of return on equity ranges from 5% to 10% depending on local market conditions.

In addition, this assistance program is subject to provincial assistance (see below).

PROVINCIAL
ASSISTANCE

CMHC has entered into agreements with the provinces of Ontario and British Columbia for additional provincial assistance to ARP 1976 projects. The amount of assistance is as follows:

Ontario - a grant of up to \$600 per unit per year is available.

British Columbia - the following is available:

- a grant of up to \$600 per unit per year
- a loan of up to \$1,200 per unit.

Loans not initially qualifying for the provincial grant cannot be re-assessed later to obtain a portion of the provincial grant.

CMHC is fully responsible for the administration of the provincial assistance, including the approval, disbursement, extension, reduction, suspension, re-instatement and termination.

CMHC MORTGAGE LOAN INSURANCE

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OPERATING
AGREEMENT

Term - the term of the agreement is for a standard 10 years, with provision for renewal for a further 5 year period.

Operating Year - this is for a period of 12 months, starting with the first regular payment date of the insured loan or anniversary of this loan.

Effective Date - the operating agreement goes into effect on the Interest Adjustment Date (IAD) of the loan. This effective date does not pertain to rentals charged prior to the IAD.

ASSISTANCE
REDUCTION

Any assistance reduction starts on the first day of each operating year.

RENTAL
INCREASES

Effective Date - rental increases are set by the landlord, and take into consideration the market conditions.

By Owner - CMHC Concurrence Not Required - owners are permitted to increase rentals each operating year without the concurrence of CMHC.

SUBMISSION OF
DETAILED AUDITED
FINANCIAL
STATEMENTS

Within four months after the end of each operating year, the owner must submit to the local CMHC Manager detailed audited financial statements relating to the project's operating year. If the audited statements indicate surplus income, reduction in assistance loan is accelerated. Failure to submit the requested statements is considered a breach of the operating agreement.

Note: Return on equity is limited to the dollar amount specified in Schedule B of the Operating Agreement.

CMHC MORTGAGE LOAN INSURANCE

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NOTIFYING
CMHC - FORM
CMHC 1934

When certain situations are known to the lender, CMHC must be notified, using Form CMHC 1934 (for full details see 0204-05).

SALE OF ASSISTED
RENTAL PROJECTS

For full details see 0205-01.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Details on the administration of the ARP Loans - 1978 Program follow.

Note: 1. ARP 1978 was not extended to privately insured loans.

2. This program commenced May 1, 1978.

ASSISTANCE

Although the approval for these projects has terminated, the following summary is provided for information purposes:

- The assistance under ARP 1978 is in the form of a Payment Reduction Loan (PRL), advanced monthly by CMHC to the borrower.

Note: The ARP 1978 program is not subject to provincial assistance.

- The PRL offsets the shortfall between economic and market rents in acceptable rental projects.
- The amount advanced in the first year is up to the amount required but not exceeding \$2.25 per month per \$1000 of the first mortgage loan amount. In each subsequent year, the amount advanced is decreased by 5% of the previous year's net payment for principal and interest on the first mortgage.
- Advances bear interest at the first mortgage rate from the date of advance.
- The PRL is secured by a second mortgage which has a term equal to the term of the first mortgage but not exceeding 10 years. If the PRL was made for a 5 year term initially, it may be renewed for a further term of 5 years.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
ASSISTED RENTAL PROGRAM (ARP) LOANS	1978 Program	2
		1990-10-01

ASSISTANCE
(Cont'd)

- The PRL, including accrued interest, becomes due and payable:
 - at the end of 5 years or the extended term, but no later than at the end of 10 years
 - in the event of sale (i.e., change in ownership or title), further encumbering the project or first mortgage default.

Note: In the event of sale, there is no protection for the borrower's initial equity or sale costs.

- The repayment of the PRL, including accrued interest, starts one month following full disbursement of the loan. This is estimated to occur approximately at the end of the 7th year if full PRL is taken and the first mortgage is amortized over 35 years. (This assumes that the 5 year renewal option is exercised).

Note: At the end of the first 5 year term, conversion through refinancing to a Graduated Payment Mortgage (GPM) first mortgage is encouraged if this is feasible.

OPERATING
AGREEMENT

Term - the term of the agreement is equal to the first mortgage term or 10 years, whichever is less.

Operating Year - this is for a period of 12 months, starting with the first regular payment date of the insured loan or anniversary of this loan.

CMHC MORTGAGE LOAN INSURANCE

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OPERATING
AGREEMENT
(Cont'd)

Effective Date - the operating agreement goes into effect on the Interest Adjustment Date (IAD) of the loan. This effective date does not pertain to rentals charged prior to the IAD.

ASSISTANCE
REDUCTION

The predetermined assistance reduction starts on the first day of each operating year.

RENTAL
INCREASES

Effective Date - rental increases are set by the landlord, and take into consideration the market conditions.

By Owner - CMHC Concurrence Not Required - owners are permitted to increase rentals each operating year without concurrence of CMHC.

SUBMISSION OF
DETAILED AUDITED
FINANCIAL STATEMENTS

Detailed audited financial statements are not required to be submitted to CMHC.

NOTIFYING
CMHC - FORM
CMHC 1934

When certain situations are known to the lender, CMHC must be notified, using Form CMHC 1934 (for full details see 0204-05).

SALE OF ASSISTED
RENTAL PROJECTS

For full details see 0205-01.

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

Whenever certain events become known to a lender, CMHC must be informed immediately, using Form CMHC 1934.

See illustration of form on page 3.

NOTIFYING
CMHC

The lender must complete and send Form CMHC 1934 to CMHC whenever:

- the first mortgage account is in arrears for an amount equal to or in excess of three monthly instalments

Note: CMHC may be notified before the account is three months in arrears if the lender feels the assistance should be suspended earlier.

- the account is brought into an up-to-date position or a satisfactory arrangement is made to bring the account into a current position
- the housing project has been sold or title transferred
- the first mortgage account has been paid in full, or
- the housing project has been further encumbered.

Note: In addition to using form CMHC 1934, lenders must continue to report loans in arrears:

- using Report of Loans in Arrears, Form CMHC 987 (see requirements at 0105-01), and
- in accordance with the National Housing Loan Regulation 40(1).

CMHC MORTGAGE LOAN INSURANCE

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ASSISTED RENTAL PROGRAM (ARP) LOANS	Form CMHC 1934	2
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NOTIFYING
CMHC
(Cont'd)

Completed forms CMHC 1934 should be sent to:

The Director
Investment Portfolio Accounting Division
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario K1A 0P7

CMHC RESPONSE
TO NOTICE

Once Form CMHC 1934 is received from the lender, CMHC will take action to terminate, suspend or reinstate the payment of assistance depending on the event reported.

If the borrower defaults on the operating agreement, CMHC will also suspend and ultimately withdraw the assistance payments.

CMHC will consider continuing the payment of assistance to the new owner where the property is sold or title transferred. This extension is provided for under the terms of the operating agreement.

CMHC MORTGAGE LOAN INSURANCE

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Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

Canada

NOTICE - ASSISTED HOME OWNERSHIP PROGRAM/ASSISTED RENTAL PROGRAM
National Housing Act, Sections 34.16 and 14.1

CMHC 1934 11/92

SUBMIT TO: Director
Investment Portfolio Accounting Division
National Office

Lender's name and address:

FORM COMPLETION DATE			CMHC originating office (CMHC use only)	
Day	Mo.	Year		
		1 9		
BRL/PRU/ARP Account Number				
CMHC account number				
Lender's reference number				

PLEASE PRINT OR TYPE
QUALIFIED BORROWER(S)NOTE: (If Mortgage, Assumption Agreement or Deed Of Sale is signed by two parties)
BOTH names must be included below.

Family name (Principal applicant):	Family name (Co-applicant):
First name and initial(s):	First name and initial(s):
Postal address No.: Street:	Property/Civic address (If different from postal address) No.: Street:
Municipality:	Municipality:
Province: Postal code:	Province: Postal code:

1. PLACING BORROWER(S) ON REPAYMENT

The A.H.O.P./A.R.P. First Mortgage Loan has now been placed on repayment

Final interest adjustment date is:	Day	Mo.	Year	Qualified borrower's first monthly payment due date is:	Day	Mo.	Year
			1 9				1 9

2. CANCELLATION OF REPAYMENT LETTER

The repayment letter previously issued to the qualified borrower(s) has been cancelled.

(If borrower's revised interest adjustment date and revised payment due date are known - enter in 1 above)	First monthly payment due date previously was:	Day	Mo.	Year
				1 9

3. TERMINATION, SUSPENSION OR REINSTATEMENT OF ASSISTANCE

Notice is hereby given that the event indicated by an <input checked="" type="checkbox"/> below to the best of our knowledge took place on:	Day	Mo.	Year
			1 9

- ☐ 0,1 The Borrower(s) has(have) sold or otherwise transferred ownership of the housing unit.
- ☐ 0,2 The Borrower(s) has(have) failed to take occupancy of the housing unit.
- ☐ 0,3 The Borrower(s) has(have) ceased to occupy the housing unit.
- ☐ 0,4 The first mortgage loan has been paid in full through refinancing or otherwise.
- ☐ 0,5 The first mortgage loan is in arrears for an amount equivalent to three monthly payments or foreclosure proceedings have been instituted whichever occurs the earlier.
- ☐ 0,6 Title of the housing unit has been acquired by the first mortgage lender or a third party as a result of legal action, voluntary transfer, etc.
- ☐ 0,7 The property has been further encumbered.
- ☐ 0,8 Borrower(s) has(have) made an assignment of bankruptcy.
- ☐ 2,5 The arrears of monthly instalments on the first mortgage loan which was formerly in arrears for an amount equivalent to three monthly payments or under legal action, have been paid in full.
- ☐ 1 Other reasons

4. OTHER REASONS:

For any termination, suspension or reinstatement event not listed in 3 above, provide details here.

Date:	Title and name:	Signature:

(Français au verso)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
ASSISTED RENTAL PROGRAM (ARP) LOANS	1975-76 ARP Projects in Financial Difficulties	1
		1990-10-01

INTRODUCTION

In order to minimize project failures, policies have been developed to:

- expedite sales of projects, and
- provide measures to assist projects in financial difficulties.

Note: As circumstances of financial difficulty may vary considerably from project to project, each case will be evaluated on its own merit.

ANNUAL REVIEWS

CMHC will perform more comprehensive annual reviews of ARP projects.

IDENTIFYING
THE PROBLEM

Since the early identification of problems is essential to providing remedial action, the co-operation and the assistance of the Approved Lender is necessary. Where default is imminent, a "claim avoidance" review will be carried out in consultation with the lender and project owner. To strengthen this action, the continuation of assistance beyond three months of arrears may be authorized, if warranted (see Continuation of Assistance at 0204-06).

REMEDIES - 1975
PROGRAM

The 1975 program does not permit the same degree of flexibility as the 1976 Program in dealing with financial difficulties. Therefore, provision has been made to permit a project under 1975 ARP to be converted to the 1976 program. Once this conversion takes place, the project is eligible for remedies available under 1976 ARP.

CMHC MORTGAGE LOAN INSURANCE

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REMEDIES -
1975 PROGRAM
(Cont'd)

To convert a 1975 ARP to 1976 ARP, the borrower must enter into a 1976 ARP Operating Agreement:

- amended as required for increased assistance
- the term of which cannot exceed 15 years from the original first payment date.

REMEDIES -
1976 PROGRAM

Once a 1976 ARP project has been identified as not generating sufficient revenue to permit the appropriate reduction in assistance, the situation must be remedied. Remedies may include the following, depending on the specific circumstances:

- deferral of assistance reduction
- increase in assistance, or
- the sale of the project.

In order to minimize the impediments to sale, the assistance advanced to date may be assumed, recaptured or a combination of these. In exceptional circumstances, a partial or total write-off without termination of the agreement may be considered.

Note: This change in the assistance recapture policy should expedite the sale of 1976 ARP projects in difficulty.

CONTINUATION OF
ASSISTANCE

ARP assistance may be continued beyond the third month of arrears:

- for a predetermined time period
- provided negotiations are actively underway to resolve the problem.

CMHC MORTGAGE LOAN INSURANCE

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INCREASED
ASSISTANCE -
1976 ARP

For 1976 ARP projects in financial difficulty, increased assistance may be provided to an accumulated maximum of \$180 per unit per month. The increased assistance must:

- rectify the project's cash flow problems, and
- assure long run viability.

Increased assistance is subject to changes to the Operating Agreement to modify some of the benefits previously afforded under the program.

PROJECT SALE -
1976 ARP

As the sale of a project can represent an alternative to default for a project in financial difficulty, the policy has been amended to permit assumption by the purchaser:

- depending on the circumstances
- of the assistance previously advanced under the ARP second mortgage.

Former policy required automatic repayment of previous assistance upon the sale if the ARP Agreement was transferred to the purchaser. A write-off of previous assistance advances may be considered in very exceptional cases, solely at the discretion of CMHC.

MORTGAGE
RENEWAL

First mortgages for projects in financial difficulty under the Assisted Rental Program must be renewed for a minimum term of 5 years. It is expected that interest rates at mortgage renewal will be consistent with those being charged for new loan approvals at that time.

CMHC MORTGAGE LOAN INSURANCE

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IMPENDING SALE/
PROJECT IN
FINANCIAL
DIFFICULTY

Where a lender is aware of the following, he/she is requested to contact the local CMHC Branch Office and apprise them of the circumstances of:

- an impending sale, or
- a project encountering or likely to encounter financial difficulty.

DECISIONS ON
ARP PROJECT
SALES

CMHC is committed to providing a maximum two week turnaround time for decisions on ARP project sales which have been properly and adequately documented.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SALE OF ASSISTED RENTAL PROJECTS	Overview	1
		1990-10-01

INTRODUCTION

This Section covers the sale of ARP rental projects.

GENERAL

This Subject provides general information on ARP project sales. It also gives the definitions of certain terms used in this Section.

(0205-02)

TRANSFER
AGREEMENT

On the sale of an ARP project, CMHC permits the ARP Agreement to be transferred to a corporate/individual purchaser if the conditions for approval are met.

(0205-03)

SALE TO TRUSTEE

Provided the conditions of approval are met, CMHC permits the sale of a project to a trustee for immediate sale of beneficial ownership to individual investors. Trustees are considered to be purchasers for the purpose of transfer of the ARP Agreement.

(0205-04)

DOCUMENTATION
REQUIREMENTS

The lender must submit the required documentation to CMHC when the sale of an ARP project takes place.

(0205-05)

WRITE-OFF OF
ASSISTANCE

Under certain conditions, CMHC will write off part or all of the second mortgage debt. This policy only applies to assistance under the 1976 ARP program.

(0205-06)

CMHC MORTGAGE LOAN INSURANCE

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SALE OF ASSISTED RENTAL PROJECTS	General	1
		1990-10-01

INTRODUCTION

The sale of an ARP rental project or any part of it will immediately terminate the ARP Agreement, Form CMHC 1927 unless the sale is made:

- with the approval of CMHC, and
- on such terms and conditions as may be acceptable to CMHC.

General information on ARP project sales follows.

DEFINITIONS

The following defined terms pertain to the sale of projects:

Sale of Project - a transfer of registered ownership involving any of the following documents which is duly recorded in a Registry Office or Land Titles Office:

- a deed
- a transfer, or
- an Agreement of Sale of the project or a unit of it.

Disbursements - any sum of money advanced by CMHC to the Landlord or owner as a supplement to rental income.

Beneficial Ownership - the right to draw benefits from real estate property without holding title to the property.

1975-76 ARP
PROJECTS IN
FINANCIAL
DIFFICULTY

To expedite the sale of these projects, the assistance recapture policy has been changed (for details see 0204-06).

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

Where the sale of an ARP rental project takes place, CMHC allows the ARP Agreement, Form CMHC 1927 to be transferred to an acceptable purchaser provided specific conditions are met.

For a listing of the documentation requirements, see 0205-05.

APPLICATION
TO ASSUME
REQUIREMENTS

Purchasers must complete an Application to Assume ARP Agreement/Mortgage, Form CMHC 2182, ensuring that both the purchaser and vendor have signed the form (see illustration on page 4). The completed application must be submitted:

- through the first mortgage lender
- accompanied by the pertinent documents listed on the application (see 0205-05).

AUDITED STATEMENT
REQUIREMENTS

Corporate Purchasers - audited financial statements including the following are required for the two most recent fiscal years:

- Balance Sheet, and
- Statement of Profit and Loss.

In the case of newly formed corporations, audited pro-forma statements are accepted.

Principal Shareholders of Corporate Purchasers/ Individual Purchasers - audited personal worth statements are required. CMHC may request more detailed financial and credit information as warranted.

CMHC MORTGAGE LOAN INSURANCE

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AUDITED STATEMENT
REQUIREMENTS
(Cont'd)

The corporate/individual purchaser must provide the difference between the selling price and the amount of the first mortgage loan. The balance sheet of the purchaser must show sufficient resources to:

- meet this requirement, and
- support any cash or borrowing required to complete the sale transaction.

Note: The registration of further encumbrances against the property is not allowed.

REASSESSMENTS

Reassessment upwards (i.e., higher level of assistance) will not be done as a result of sale.

RETURN ON EQUITY

Increased Equity - this is not recognized for the purpose of calculating the return on equity. The dollar amount of return on equity agreed to with the first owner/borrower remains unchanged so that the effective return on equity actually decreases if the price increases. The amount of assistance will continue to be based on the same data which was agreed to with the original borrower - as if the transaction had not taken place.

Lower Equity - where the purchaser's equity is lower than that shown on the current ARP Agreement, the Agreement to be assumed is amended to reflect the lower equity and dollar amount of return based on the same rate of return. No adjustments to the level of assistance are made unless the sale transaction coincides with the annual review.

CMHC MORTGAGE LOAN INSURANCE

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COVENANT OF
ORIGINAL OWNER

The covenant of the original owner will continue to be required unless the purchaser of the project can provide a guarantee to CMHC's satisfaction. For guarantee purposes, the applicant is required to meet the same financial criteria which applies to new housing at the approval stage.

PROPERTY
MANAGEMENT

The purchaser must have proven his/her ability to manage the project to CMHC's satisfaction or must arrange for competent property management.

ORIGINAL TERMS
AND CONDITIONS

The purchaser must agree to assume all the terms and conditions of the existing Operating Agreement and ARP mortgage.

PROJECT
COMPLETION

The original borrower is responsible for completing the project.

CONFIRMATION BY
FIRST MORTGAGE
LENDER

The first mortgage lender must confirm the approval of the sale transaction before the transfer of the ARP agreement and ARP mortgage if applicable.

SALE OCCURS AFTER
DISBURSEMENT

Where the sale occurs after disbursement, the assistance advanced to date must be repaid in full. Transfer of the Agreement (and ARP mortgage) cannot be executed unless this condition has been fulfilled. In these instances, the assistance paid will not be written-off by CMHC nor transferred to the purchaser.

CMHC MORTGAGE LOAN INSURANCE

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Canada Mortgage and Housing Corporation  Société canadienne d'hypothèques et de logement



APPLICATION TO ASSUME ARP AGREEMENT/MORTGAGE
DEMANDE DE PRISE EN CHARGE DE LA CONVENTION/HYPOTHÈQUE P.A.L.L.
Sec. 6/14.1 Private / Sec. 58/14.1 Direct / Art. 6/14.1 Privé / Art. 58/14.1 Direct

VENDOR/VENDEUR

Name/Nom:	Telephone no. N° de téléphone:
Address/Adresse:	Home/Adresse:
	Office/Bureau:

ARP reference no./N° de référence P.A.L.L.:	CMHC account no./Compte SCHL n°:
Lender's reference: Référence du prêteur:	CMHC office location: Endroit du bureau SCHL:

PURCHASER OR ARP PROJECT/ACHETEUR DU PROJET P.A.L.L.

Name/Nom:	Telephone no. N° de téléphone:
Address/Adresse:	Home/Adresse:
	Office/Bureau:

FIRST MORTGAGE LENDER/PRÊTEUR DE PREMIER RANG

Name/Nom:
Address/Adresse:

PURCHASE DETAILS/DÉTAIL DE L'ACHAT

Address of property being sold/Adresse de la propriété faisant l'objet de la vente:	
Address where assistance cheques are to be sent: Adresse où il faudra envoyer les chèques d'aide:	
Amount of first mortgage to be assumed Montant de la première hypothèque dont il faut prendre charge \$	
Equity/Mise de fonds:	
A) Cash Comptant	\$
B) Other (give details) Autre (décrire)	\$
TOTAL \$	
Sale price Prix de vente \$	
Closing date of sale Date de conclusion de la vente Yr./An, Mo./Mo, Day/Jr	
Total ARP disbursements as at closing date of sale / Total des versements à la date de conclusion de la vente \$	
Total units in project Nombre de logements dans le projet	
No. of units occupied Nombre de logements occupés	

DOCUMENTS REQUIRED/DOCUMENTS REQUIS

To be submitted through first mortgage lender:	Soumis par l'entremise du prêteur de premier rang
- Request undertaking to insure CMHC \$20 reflecting change of borrower (or covering latest if insurance policy CMHC 1023 issued by CMHC)	<input type="checkbox"/> - CMHC \$20, demande-prime de s'assurer, tenant compte du changement d'emprunteur, (ou la lettre d'assurance CMHC 1023 est émise par la SCHL).
- Purchaser's audited financial statement and/or personal worth statement	<input type="checkbox"/> - État financier vérifié de l'acheteur et/ou déclaration de son avoir.
- Details of purchaser's experience	<input type="checkbox"/> - Détails relatifs à l'expérience de l'acheteur.
- Details of property management arrangements	<input type="checkbox"/> - Détails sur les dispositions relatives à la gestion de la propriété
- Management contract	<input type="checkbox"/> - Contrat de gestion
- Record of property manager's background	<input type="checkbox"/> - Antécédents du gérant de la propriété
- Copy of purchase and sale agreement	<input type="checkbox"/> - Copie de la convention d'achat et de vente
For sale involving beneficial ownership also include a copy of:	Pour les ventes comportant un droit de propriété inclure aussi une copie des documents suivants:
- Personal worth statements for each beneficial owner (if they guarantee the ARP Mortgage) and;	<input type="checkbox"/> - Déclaration de l'avoir de chaque propriétaire ou co-propriétaire (s'ils garantissent l'hypothèque P.A.L.L.) et;
- Prospectus, and proof of clearance through Provincial Securities Commission, or;	<input type="checkbox"/> - Prospectus, et attestation de solvabilité émise par la Commission provinciale de valeurs mobilières, ou;
- Evidence from Provincial Securities Commission that a prospectus is not required, and a copy of unit holders agreement.	<input type="checkbox"/> - Attestation de la Commission provinciale de valeurs mobilières portant qu'un prospectus n'est pas nécessaire, et une copie de la convention de détenteur de logement.

I/We hereby apply for approval of the above described sale of this project and submit the required documents.

I/We (purchaser) declare being (a) Canadian resident(s) or applying on behalf of a Canadian controlled Corporation.

I/We understand and agree to the conditions stipulated on the reverse of this application.

I/We understand that all ARP assistance previously advanced must be reimbursed to CMHC prior to assumption of the ARP Mortgage.

This application is, to the best of our knowledge and belief, true and accurate. Any information supporting this application may be disclosed to CMHC. It is understood that false statements may lead to prosecution under the Criminal Code of Canada.

I/We agree and consent that credit enquiries may be made at any time in connection with the financing hereby applied for.

Je soumet/nous soumettons par la présente l'approbation de la vente décrite ci-dessus du présent projet et soumet/nous soumettons les documents nécessaires.

Je/nous (l'acheteur) déclare/déclarons être résident(s) canadien(s) ou soumet/nous soumettons une demande en faveur d'une Corporation dont le contrôle est canadien.

Je comprends/nous comprenons et acceptons/acceptons les conditions stipulées à l'endroit de cette demande.

Je comprends/nous comprenons que toute l'aide financière P.A.L.L. avancée antérieurement doit être remboursée à la S.C.H.L. avant la prise en charge de l'Hypothèque P.A.L.L.

Cette demande est au mieux de ma/notre connaissance et de ma/notre croyance authentique et exacte. Tout renseignement à l'appui de cette demande peut être divulgué à la S.C.H.L. Il est bien compris que des fausses déclarations peuvent entraîner des poursuites judiciaires en vertu du Code criminel du Canada.

Je/suis/nous sommes d'accord pour qu'en tout temps, des enquêtes de solvabilité soient effectuées à mon/notre égard pour ce qui est du financement qui fait l'objet de cette demande.

Date	Vendor's signature/Signature du vendeur	Date	Purchaser's signature/Signature de l'acheteur
------	---	------	---

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SALE OF ASSISTED RENTAL PROJECTS	Sale to Trustee	1
		1990-10-01

INTRODUCTION

The developer may transfer a rental project to a trustee acting as "bare trustee". In that capacity, the trustee has no authority other than to represent the investors on whose behalf he acts. Trustees are considered to be purchasers for the purpose of transfer of the ARP Agreement.

The transfer of beneficial ownership is not a sale of real property and CMHC approval is not required so long as the title to the project continues to be held by the trustee. However, the sale of a project to a trustee for subsequent sale of beneficial ownership to individual investors constitutes a sale of real property and as such, requires CMHC approval.

CMHC permits the sale to a trustee provided the conditions of approval specified at 0205-03 and below are met.

For a listing of the documentation requirements, see 0205-05.

GUARANTEES

Since a trustee is without assets by definition, CMHC requires a guarantee or the ARP mortgage loan. To simplify administration, CMHC prefers to have the original owner:

- continue as a party to the ARP mortgage, and
- still provide his/her covenant.

Alternatively, the guarantee of individual beneficial owners may be considered. In these cases, beneficial owners must participate in the second mortgage jointly and severally. Where the covenant of beneficial owners is provided, CMHC must be satisfied that:

- beneficial owners possess sufficient assets to provide an adequate guarantee for the ARP mortgage

INSURANCE SERVICING

IS 0205-04

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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GUARANTEES
(Cont'd)

Note: Individual personal worth statements must be obtained from each beneficial owner.

- a limited number of beneficial owners taken together, e.g., 3 or 4, possess sufficient assets to meet the financial criteria that would apply for new housing at the original approval stage.

ANNUAL SUBMISSION
OF STATEMENT

As a condition of CMHC approval, a statement must be submitted annually, providing the following information on each beneficial owner:

- Name
- Address
- Share of ownership
- Date of purchase
- Details of purchase price.

This information is submitted to CMHC, along with the financial statements required annually under the Operating Agreement.

SECOND MORTGAGE
ADVANCES

CMHC makes second mortgage advances to the Trustee. Beneficial owners must acknowledge advances as binding on title.

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

When a sale of an ARP rental project takes place, the lender must submit the required documentation to CMHC. Details on this documentation follow.

Note: If the sale is approved, CMHC provides the lender with a copy of its letter of approval.

ALL SALES

For all sales, the following documentation is required:

- Form CMHC 530, Request - Undertaking to Insure (Part 1 Loans) (see illustration on page 3)

Note: Where requests are submitted after issuance of the Mortgage Loan Insurance Policy, Form CMHC 1023, the lender must submit a covering letter explaining the changes rather than form CMHC 530. The letter must be accompanied by the documents required.

- Application to Assume ARP Agreement/Mortgage, form CMHC 2182 (for details/illustration see 0205-03)
- details of the purchaser's experience and background to allow an assessment of his/her eligibility as a purchaser
- the purchaser's financial statements (see 0205-03), and
- details of the property management arrangements including:
 - a copy of the management contract

CMHC MORTGAGE LOAN INSURANCE

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ALL SALES
(Cont'd)

- details of the property manager's background and experience
- a copy of the Purchase and Sale Agreement.

SALES INVOLVING
BENEFICIAL
OWNERSHIP

The sale of beneficial ownership in an ARP project is not considered a sale of the project unless the transaction also involves transfer of registered title to the purchaser.

Note: This is pursuant to Section 10 of the ARP Agreement.

Where both the sale and transfer occur at the same time, a completed Application to Assume ARP Agreement/Mortgage, form CMHC 2182 must be submitted (for illustration see 0205-03); otherwise, submission of this form is not required.

If the beneficial owners provide their covenant for the ARP mortgage, the following documentation must be submitted in addition to those listed for "All Sales" above:

- personal worth statements from each beneficial owner (see 0205-04), and
- prospectus for the sale of the project, along with evidence satisfactory to the local CMHC office manager that the prospectus has been cleared through the provincial securities commission, or
- evidence satisfactory to CMHC that the securities commission clearing is not required if a prospectus is not being submitted, and a copy of the unit holders agreement.

APPROVAL OF
SALE BY CMHC

CMHC will provide the lender with a copy of its letter of approval.

Section

Subject

Page

3

SALE OF ASSISTED RENTAL PROJECTS

Documentation Requirements

1990-10-01

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REQUEST — SOLLICITANT FOR HOME OWNERSHIP ONLY

NHA SECTION B

FOR HOME OWNERSHIP ONLY

LENDER (NAME, ADDRESS, POSTAL CODE)		CMHC Account No.		Lender's Ref. No.	
		Bulk Account No.		Lender Code	
				Lender Telephone No.	

BORROWER(S)					
Name and address					
First name Last name					
Age at Request Date of application					
Marital status Single Married Divorced Widowed					
Number of children 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100					
Annual Income \$					
Monthly Payment \$					
(INCLUDE HOUSING COSTS)					

PROPERTY IDENTIFICATION			
Property Type (Residential, Commercial, Industrial, etc.)		Project Name	
City/Municipality		Province	
Legal Description		Postal Code	

LOAN DETAILS			
Applicant Type <input type="checkbox"/> 01 Buyer <input type="checkbox"/> 02 Homeowner <input type="checkbox"/> 03 Purchase from Build		Loan Type <input type="checkbox"/> 1 First Mort. <input type="checkbox"/> 2 Second Mort. <input type="checkbox"/> 3 Other (Specify)	
Mortgage Insurance Premium <input type="checkbox"/> Yes <input type="checkbox"/> No		Lending Type <input type="checkbox"/> 001 Single <input type="checkbox"/> 002 Semi-Inst. <input type="checkbox"/> 003 Duplex	
Step-down Limits Underwriting Fee Included \$		Rate <input type="checkbox"/> 1 Fixed <input type="checkbox"/> 2 Floating	

HOUSING COST/PRICE DETAILS (NEAREST DOLLAR)			
Purchase Price or Refinancing Cost or Sale Price	\$	00	
Proposed Improvement (If Applicable)	\$	00	
Mortgage Loan Insurance Premium <input type="checkbox"/> Enclosed and not to be charged to Mortgage Account <input type="checkbox"/> To follow	\$	00	
TOTAL ESTIMATED COST OR PRICE	\$	00	

HOUSING FINANCING DETAILS (NEAREST DOLLAR)			
NHA Mortgage Loan	\$	00	
Mortgage Loan Insurance Premium	\$	00	
Borrower's Equity from Own Resources Cash Land Labour Total	\$	00	
Secondary Financing (Provide Details)	\$	00	
TOTAL COST OR SALE PRICE INCLUDING MORTGAGE LOAN INSURANCE PREMIUM	\$	00	

LENDER CERTIFICATION			
* We certify the information disclosed above including interest rate, lender's fees and charges is complete and accurate and we agree to provide a copy of the loan commitment letter to CMHC if requested. We are also satisfied as a result of an analysis that (A) the borrower has the financial capacity, knowledge and experience to construct material and manage the project or (B) the homeowner/borrower has the equity, income and creditworthiness to fulfill obligations under the mortgage loan and intends to occupy the unit as a single family dwelling and has been advised that the loan may be reduced upon failure to occupy. * We certify that we have complied with the National Housing Act and the National Housing Loan Regulations. * We certify that the credit advice the legal description and the current photograph provided correspond to the subject property. * If aggregate fees and charges are in excess of \$ 350 please provide details separately.			
Date	Signature (Lender by its authorized officer)		

UNDER TAKING		CMHC USE	
By signing this Undertaking I/we hereby undertake to insure the above described loan as required by the lender in accordance with and subject to the National Housing Act, National Housing Loan Regulations thereunder and the conditions of loan insurance specified below as they apply and		AMOUNT OF INSURABLE LOAN \$	
<input type="checkbox"/> SPECIAL CONDITION(S) AS ANNEXED HERETO		MORTGAGE LOAN INSURANCE PREMIUMS Base Premium % Surcharge(s) % Total Premium %	
New advance including mortgage loan insurance (premiums) approved by this certification \$		Total Premium \$	
HOLD BACK (if applicable) \$		\$ charged to Mortgage Account \$	
Underwriting Fee Received Amount \$ Date \$		TOTAL INSURABLE LOAN \$	
Authorized Officer Signature \$		II VRM LOAN enter trigger point \$	

CONDITIONS OF LOAN INSURANCE			
GENERAL CMHC reserves the right to consider this Undertaking to insure void and cancelled or to revise the amount of loan it will insure where there is any change in or misrepresentation of the particulars provided in this request or its supporting documents. If the lender wishes to obtain an increase in the amount of loan to be insured, the request must be made before the interest adjustment date. ADJUSTABLE INTEREST RATE OPTION In the event of a claim against the Mortgage Insurance Fund arising from a default during the period that adjustable initial stage rates are being charged to advances insured on the mortgage for the purpose of the claims shall be repaid without any prepayment to the extent of the difference between the mortgage and the mortgage at the rate in force at the time the impact interest starts to accrue or at the rate applicable to CMHC whichever is the lesser. CLAIM FOR LOSS BY INSURANCE Construction shall conform to approved plans and standards as prescribed by CMHC. This Undertaking to insure will expire 90 days from date of issue unless written within 180 days period construction has started and a request for construction stage inspection is received by CMHC. CLAIM FOR EXISTING HOUSING Where improvements are a condition of this loan, they shall be completed in accordance with NHA Minimum Property Standards for Existing Residential Buildings and all requirements of CMHC and any approved plans. When improved, the housing shall comply with municipal requirements where applicable. This commitment is voidable if the applicant has not registered the mortgage within 90 days from the date of the original Undertaking to Insure. Where refinancing is required, each statement of outstanding mortgage in sale agreement, finance and cash statement of net amounts charged against the property must be submitted by the mortgagee or her agent to any appropriate lending authority either prior to the closing and must include full title to the subject property, the total outstanding at the current date, and must specify the amount of any interest bonus payable for advanced payment in full of the account. Where major alterations are involved or where otherwise required by CMHC, minimum 1 set of plans is to be submitted for approval.			

CMHC 530 3/88 P.U. 040 CMHC is subject to the Access to Information and Privacy Act

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SALE OF ASSISTED RENTAL PROJECTS	Write-off of Assistance	1
		1990-10-01

INTRODUCTION

CMHC will write off part or all of the second mortgage debt if:

- the ARP Agreement is terminated as a result of a bona fide sale (at market value), where the sale price does not exceed the:
- amount of the first mortgage, plus
- amount of equity as defined in the Agreement, plus
- recognized sale costs.

This write-off policy cannot be applied to all ARP programs.

1975 ARP
PROGRAM

Under this program, the assistance cannot be written off since the assistance is not repayable.

1976 ARP
PROGRAM

Under this program, the above policy is applicable. The onus is on the borrower to satisfy CMHC that the transaction is bona fide and at "fair market value".

When establishing "fair market value", full consideration must be given to the:

- added value generated by the fiscal advantages tied to the project, and
- added fiscal and financial advantages which would have remained with the project had a potential purchaser and CMHC agreed to continue the ARP Agreement.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
SALE OF ASSISTED RENTAL PROJECTS	Write-off of Assistance	2
		1990-10-01

1978 ARP
PROGRAM

Under this program, the assistance cannot be written off. Also, in the event of a sale, there is no protection of the borrower's initial equity or sale costs.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Chapter Overview	1
		1990-10-01

INTRODUCTION

This Chapter deals with default management. Following is an overview of its Sections.

For details, refer to location numbers indicated.

MANAGING DEFAULTS -
GENERAL

The lender should, as a minimum, follow the provided procedures and suggested guidelines to ensure that all insured loans in default are brought into a current position and all arrears are collected diligently.

(0301-02)

There are specific arrears cases which vary in circumstances and should be treated individually.

(0301-03)

COLLECTIONS

Collection procedures are provided for home ownership first mortgage accounts in arrears, and for first mortgage accounts in arrears for multiple unit projects.

(0302-01)

COLLECTIONS -
SPECIAL PAYMENT
ARRANGEMENTS
(SINGLE UNITS)

This Section discusses the special payment arrangements which the lender may make with homeowner borrowers who are in default due to temporary unemployment or other reasons, and which may require CMHC approval. It also provides details on the reporting requirements and the recovery of arrears.

(0303-01)

DEFICIENCY
SETTLEMENT
CLAIMS

A deficiency settlement claim is sought when the usual methods to clear a mortgage default have been unsuccessful.

(0304-01)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Chapter Overview	2
		1990-10-01

ARREARS
REPORTING

In addition to the month-end arrears reports, lenders must submit to CMHC, special arrears reports on multiple unit projects, and certain status reports on second mortgages in arrears.
(0305-01)

PROPERTY
INSPECTIONS

This Section discusses property inspections of single/duplex units which may be vacant, abandoned or occupied. It also specifies which inspection fees relating to vacant/occupied properties and multiple unit projects are approved borrower's charges.
(0306-01)

PROPERTY
PROTECTION

Adequate measures must be taken to protect vacant or abandoned property, especially during the winter months. A description of the approved borrower's charges is also provided.
(0307-01)

PROPERTY
MANAGEMENT

General information on property management is provided as well as details on property management firms and contracts.
(0308-01)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Lender's Responsibilities	1
		1990-10-01

INTRODUCTION

A lender must ensure that:

- all necessary efforts are made to bring the insured loan in default into a current position, and
- the utmost diligence is exercised in the collection of arrears.

To accomplish this, the lender should follow the procedures and suggested guidelines below.

SERVICING LOANS
IN DEFAULT

CMHC recognizes that each lender has its own procedures for dealing with the collection of the required monthly payments on its mortgages. Lenders are also aware that there are:

- a wide range of problems which may be encountered during a collection or legal action, e.g., abandoned properties, etc., and
- a variety of methods which can be used to deal with each problem.

Therefore, CMHC presents the collection procedures outlined in the following Sections of this Chapter (03) as a guide for lenders. It is not CMHC's intention to force the lenders to adopt the suggested procedures. However, CMHC will not be liable for amounts claimed on the Mortgage Insurance Fund and which might reasonably have been avoided if:

- any of the steps outlined (or a suitable alternative) had been followed, and
- the lender had been prudent in the administration of the loan.

Note: The collection procedures outlined in this Chapter are based on the premise that:

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Lender's Responsibilities	2
		1990-10-01

SERVICING LOANS
IN DEFAULT
(Cont'd)

- most borrowers are honest, conscientious and reliable people, and
- some of these borrowers may be ill-equipped to deal with an arrears situation, whether due to embarrassment or lack of competent advice.

EARLY
IDENTIFICATION
OF PROBLEM/
FOLLOW UPS

It is extremely important for the lender to contact a borrower as early as possible when an arrears situation develops since:

- delays in following up on the default can be costly, and
- prompt action may prevent development of a more serious situation and a claim on the Mortgage Insurance Fund.

It is therefore suggested that lenders incorporate in their administration program, procedures which permit them to:

- determine as early as possible the nature of the problem
- establish whether or not the borrower can remedy the default, and
- render assistance to the borrower in solving the default where warranted.

This type of procedure requires:

- personal contact with the borrower, and
- a firm but reasonable attitude on the lender's part where cooperation is received from the borrower.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Lender's Responsibilities	3
		1990-10-01

ELIMINATING/
RESOLVING
ARREARS

The lender must attempt to determine the cause of the default and whenever possible:

- develop an appropriate plan to eliminate the arrears, or
- establish an appropriate course of action to remedy the default over time and obtain CMHC's concurrence where necessary.

ESTABLISHING
REPAYMENT
PLANS

Any repayment plan reached and agreed to with the borrower to recover arrears should be:

- set out in writing and acknowledged by the borrower where possible
- reasonable in relation to the borrower's means
- as short as possible in duration
- followed by prompt legal action if the terms are not met.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Special Cases	1
		1991-08-16

INTRODUCTION

Each of the following arrears cases varies in circumstances and should be treated individually.

TEMPORARILY
UNEMPLOYED
BORROWER

Where a borrower is temporarily unemployed and has financial resources or income from other sources, it is expected that a reasonable portion of the available funds **will be** used towards the mortgage payments.

STRIKES AND
LOCK-OUTS

A general moratorium of payments should not be made. Each case is to be dealt with individually in an effort to find the most equitable solution.

SEASONAL
EMPLOYMENT

The borrower must ensure mortgage payments are made when due. However, in special circumstances, the lender may agree to receive reduced mortgage payments:

- in those periods of unemployment of the borrower
- provided the borrower makes increased payments when employed.

These special arrangements should not cause the arrears to increase unduly so as to be a threat to the security of the mortgage.

DEATH OF
BORROWER

Where a borrower in default dies, reasonable time should be allowed for the settlement of the estate before further action is taken, taking into consideration:

- the assets and liabilities of the estate, and
- the market value of the property in relation to the outstanding mortgage debt.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
MANAGING DEFAULTS - GENERAL	Special Cases	2
		1990-10-01

DEATH OF
BORROWER (Cont'd)

- the market value of the property in relation to the outstanding mortgage debt.

SALE OF PROPERTY
BY BORROWER IN
DEFAULT

Where a borrower in default decides to sell his/her property, legal action may be deferred for up to 3 months from the time the property is put up for sale:

- when the lender is satisfied that the proposed selling price is reasonable
- taking into account the current market activity in the area.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with collection procedures for first mortgages in arrears. An overview follows.

For details, refer to location numbers indicated.

For details on special payment arrangements with borrowers, see 0303-01.

HOME OWNERSHIP
FIRST MORTGAGES

For home ownership first mortgages, the lender may use the suggested time periods to collect on the accounts in arrears.

(0302-02)

MULTIPLE UNIT
PROJECTS

If these first mortgage accounts are in arrears, the lender uses the same collection procedures as described for home ownership first mortgages. In addition, for income producing properties, action should be taken to conserve the rental income even before commencing legal proceedings.

(0302-03)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS	Home Ownership First Mortgages	1
		1991-08-16

INTRODUCTION

The collection procedures follow for home ownership first mortgage accounts in arrears.

Note: The time periods provided below are suggested time frames which normally would meet most circumstances. However, lenders may wish to act earlier than suggested.

ACCOUNT ONE PAYMENT
IN ARREARS

It is recommended that a written notice of arrears be sent to the borrower no later than 10 days after the first payment falls into arrears.

The second notice of arrears should be issued at 20 days in arrears. In addition, where payment is not received within a few days, a personal contact by telephone or direct interview with the borrower is strongly recommended in order to arrange for payment of the arrears.

ACCOUNT TWO PAYMENTS
IN ARREARS

There are now two payments in arrears and unless a suitable payment arrangement has been reached with the borrower, this is an indication that the arrears may degenerate into a serious default situation. At this stage, it is recommended that the lender visit the property to afford him/her the opportunity to:

- meet with the borrower to determine the problem, and if possible, resolve it
- assess the condition of the property and its immediate neighbourhood for an indication of its market value
- ensure the property is still occupied and by whom

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS	Home Ownership First Mortgages	2
		1991-08-16

ACCOUNT TWO PAYMENTS
IN ARREARS
(Cont'd)

- try to locate the whereabouts of the borrower through the neighbours if the property is found vacant or abandoned, and take the necessary steps for the protection of the property in such cases (for details see 0306-03).

ACCOUNT 45 DAYS
IN ARREARS

If no success has been made to resolve the arrears situation by this time, a formal demand letter should be sent to the borrower:

- stating the extent of the arrears owing, including tax arrears if any, and
- requiring payment in cash or by certified cheque within 10 days, failing which the account is to be turned over to a solicitor with instruction to begin legal action.

Alternatively, this letter may be sent by the solicitor requiring payment in full of the account including his/her fees, within a specified time frame.

Note: For an habitual delinquent, the lender may wish to advise the borrower in writing that:

- no further notices of arrears will be issued, and
- the account will be referred directly to a solicitor if payments are not made when due.

ACCOUNT THREE
PAYMENTS IN ARREARS

Where the lender has sent the formal demand letter mentioned above and no response has been received from the borrower, the file should be referred to the solicitor promptly for further action.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS	Home Ownership First Mortgages	3
		1990-10-01

ACCOUNT 75 DAYS
IN ARREARS

Where the solicitor has sent the formal demand letter mentioned above and no response has been received from the borrower, the lender should:

- take steps to initiate legal action, and
- be in a position to instruct the solicitor as to the course of action to take.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS	Rental Projects	1
		1999-11-19

INTRODUCTION

The collection procedures follow regarding first mortgage accounts in arrears for multiple unit projects.

ACCOUNTS IN ARREARS

For collection purposes, the same procedures as described for home ownership first mortgages can be applied (see 0302-02).

CONTROLLING ARREARS,
ETC. FOR INCOME
PRODUCING PROPERTIES

In addition to the above procedures, the lender must take into account that for income producing properties, the access to the rental income is one of the principal means of controlling the:

- arrears, and
- operating and maintenance costs.

Therefore, when the lender cannot obtain a satisfactory arrangement for the remedy of the default, the following steps should be taken even before legal proceedings have begun:

- the attornment of the rents, and
- ensuring that adequate management of the project is done through the appointment of a receiver/trustee by the Court or through the employment of a professional management firm where feasible.

Note: For details on using a property management firm, see 0308-03.

CMHC MORTGAGE LOAN INSURANCE

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COLLECTIONS	Rental Projects	2
		1999-11-19

ENVIRONMENTAL
CONTAMINATION

Prior to taking legal remedial action:

- for multiple unit projects of six or fewer units where the Approved Lender is aware that the property contains environmental contamination; or
- for multiple unit projects of more than six units:

Approved Lenders must consult with their legal counsel and obtain an environmental site assessment to determine if the land is contaminated with environmentally hazardous substances.

If the site assessment concludes that there is evidence of contamination, Approved Lenders must immediately notify CMHC. Approved Lenders must not take any action whereby they may be deemed to be in ownership, in possession or occupation, or in management or control of the contaminated property. Approved Lenders therefore must not take action to attorn the rents or appoint a receiver/trustee or property management firm.

For further details regarding Approved Lender actions on this subject, refer to IS 0405-01.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (HOMEOWNER UNITS AND RENTAL PROJECTS)	Overview	1
		1999-04-30

INTRODUCTION

This Section discusses the special payment arrangements which the Approved Lender may negotiate with homeowner borrowers who default on their payments for various reasons, and which may require CMHC approval. An overview follows.

For details, refer to location numbers indicated.

GENERAL

This Subject provides general information on special payment arrangements.

(0303-02)

CONDITIONS FOR
SPECIAL PAYMENT
ARRANGEMENTS

If the eligibility requirements are met, special payment arrangements may be made with a temporarily unemployed borrower without the prior approval of CMHC. All special payment arrangements must be monitored closely by Approved Lenders.

(0303-03)

MONITORING AND
REPORTING
REQUIREMENTS

The Special Payment Analysis Worksheet - Approval Homeowner Borrowers, form CMHC 2886, or an equivalent Approved Lender form may be used to report to CMHC all approved special payment arrangements, including those which require CMHC approval. Any special payment arrangements approved by the Approved Lender must be reported to CMHC, on a monthly basis, in the Report of Loans in Arrears, form CMHC 987.

(0303-04)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (HOMEOWNER UNITS AND RENTAL PROJECTS)	Overview	2
		1999-04-30

**RECOVERY OF
ARREARS**

If the borrower's financial situation has improved, etc., and the borrower can make full mortgage payments, the Approved Lender must negotiate repayment of the accumulated arrears over the shortest possible period within the borrower's financial means.

(0303-05)

**EXTENSION TO THE
ORIGINAL AMORTIZATION
PERIOD**

The original amortization period may be extended under certain conditions.

(0303-05)

CAPITALIZATION

Under Section 11.1 of the NHA, the Approved Lender may, with the consent of CMHC, enter into an agreement with the borrower which would provide for the variation of the terms of the loan.

(0303-06)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	General	1
		1991-08-16

INTRODUCTION

The National Housing Loan Regulations provide that the terms of repayment of an Approved Lender's loan are not to be altered without the prior approval of CMHC. However, under certain conditions, CMHC is prepared to give blanket approval to Approved Lenders to approve special payment arrangements with borrowers.

General information follows regarding special payment arrangements.

PRIOR TO
IMPLEMENTING
SPECIAL PAYMENT
PLAN

Approved Lenders should apply normal mortgage administration remedies such as the following prior to implementing a special payment plan which defers a portion of the required monthly payment, where warranted:

- lengthening the amortization period, or
- having the mortgage paid down.

UNSUCCESSFUL
SPECIAL PAYMENT
PLANS

The Approved Lender is to proceed immediately to effect normal legal remedies where:

- it is evident that any type of special payment arrangement will not rectify the default, or
- the borrower fails to honour the terms of the special payment arrangement.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	General	2
		1990-10-01

SALE OF
PROPERTY

In the case of a sale of property during the term of the agreement between the Approved Lender and the borrower, the deferred arrears and interest accrued become due and payable at the time of sale.

MORTGAGE INSURANCE
FUND CLAIMS

Interest Loss - if a claim is made under the Approve Lender's policy of mortgage loan insurance, the period for which interest is payable:

- commences from the date of default.
- is pursuant to arrangements made under Section 11.1, NHA.

Where Approved Lenders have entered into special payment arrangements with borrowers and have the prior consent/blanket approval of CMHC, Approved Lenders are reimbursed for any interest losses associated with the special repayment plans.

Other Costs - where the Approved Lender submits a claim on the Mortgage Insurance Fund, CMHC is prepared to recognize the following costs as a borrower's charge:

- the cost of registering a formal mortgage extension agreement where required by provincial legislation, and
- legal fees incurred by an Approved Lender:
 - prior to entering into the special payment arrangement
 - as a result of existing default in repayment where the borrower is financially unable to pay for these costs from his/her own resources.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	Conditions Applicable to Special Payment Arrangements	1
		1991-08-16

INTRODUCTION

Approved Lenders have differing internal procedures for collecting mortgage payments relating to the mortgage security. Similarly, there are frequently many methods to adequately resolve Approved Lender collection and arrears problems.

CMHC does not wish to severely limit the imagination and creative solutions which Approved Lenders will apply to remedy borrower default. Most Approved Lenders exercise reasonable care and prudence in the administration of an insured loan and in the collection of the repayment of a loan. However, Approved Lenders must be responsible and bear the risk for approving special payment arrangements which do not meet the test of prudent and reasonable financial administration.

RECOMMENDED
COLLECTION
PROCEDURES

In order to broadly outline a framework for Approved Lender approval of special payment plans, and eliminate lender penalties for failure to exercise prudent loan or collection administration, it is recommended that the Approved Lenders incorporate the following collection procedures:

- ensure that all special payment arrangements are fully documented in writing and, if possible, acknowledged (signed) by the borrower
- take every precaution to ensure that the repayment schedule accepted by the defaulting borrower reasonably adheres to the financial means of the borrower
- take care to ensure that the reduced monthly payment period and recovery of arrears period are as short in duration as possible

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	Conditions Applicable to Special Payment Arrangements	2
		1991-08-16

RECOMMENDED
COLLECTION
PROCEDURES
(Cont'd)

Note: Longer deferred monthly payment periods and recovery of arrears period may exacerbate the collection problem and unnecessarily expose CMHC in the event of subsequent default and a MIF claim.

- monitor the special repayment arrangement closely and promptly initiate legal proceedings if the borrower fails to meet the terms of the arrangement.

INCOME REQUIREMENTS

Special payment arrangements agreed to between Approved Lenders and borrowers in financial difficulty must at the very least, provide that the borrower make:

- monthly mortgage payments equivalent to a Gross Debt Service ratio of 30% of total monthly household income from all sources, or

- 1/12th the annual taxes,

whichever is higher.

EMPLOYMENT
REQUIREMENTS

It is the responsibility of Approved Lenders to exercise diligence when contemplating approving a special payment arrangement with a borrower who is unemployed or will be unemployed for a specified period in the near future.

The following points are presented as a guide for negotiating the special payment arrangements, to assist Approved Lenders in this regard:

- the homeowner, unless there are unusual extenuating circumstances, must be employed steadily for twelve months preceding loss of employment, or
- the homeowner is seasonally unemployed and has a satisfactory mortgage loan repayment record

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

IS 0303-03

Section COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	Subject Conditions Applicable to Special Payment Arrangements	Page 3 1991-08-16
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EMPLOYMENT
REQUIREMENTS
(Cont'd)

- the Approved Lender must be satisfied that the skills of the unemployed homeowner are readily marketable
- unemployment must be related to a temporary layoff (for example, a general economic downturn) and the homeowner is placed high on the employer's list for potential hiring.

MAXIMUM DEFERMENT
ASSISTANCE

In endeavouring to establish a ceiling or the maximum amount that Approved Lenders may reasonably be permitted to defer a portion of the required monthly mortgage payment, situations will vary greatly as between the causes of default and circumstances facing the borrower. However, as a general rule of thumb, Approved Lenders should not entertain any special repayment arrangements where the total of the deferred monthly payment of principal and interest exceeds \$10,000.

Where this amount has been exceeded, Approved Lenders are cautioned to adhere to the Recommended Collection Procedures identified above.

CMHC APPROVAL
REQUIREMENTS

The onus of approving special payment arrangements, in this instruction, clearly lies with Approved Lenders. However, in view of the financial implications to the Mortgage Insurance Fund and Approved Lender risk exposure, Approved Lenders may wish to seek CMHC prior counsel before approving the deferment of part of the monthly payment. In such cases, the Manager of the local CMHC office should be approached for his assistance.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	Monitoring and Reporting	1
		1991-08-16

INTRODUCTION

Prudent Approved Lenders are to monitor special payment arrangements closely and immediately initiate legal action should the borrower fail to meet the terms of the arrangement.

Clearly, time is of the essence in such monitoring undertakings. Unless prompt action is taken, delays in pursuing defaults can be costly both for Approved Lenders and CMHC. Moreover, a more serious situation can be prevented with prompt action.

SPECIAL PAYMENT
ARRANGEMENT
DOCUMENTATION

Approved Lenders have entertained and approved special payment arrangements with borrowers for many years. The special payment arrangement plans have been recorded and documented on Approved Lender internal forms and Approved Lenders have full authority to document these arrangements.

A Special Payment Analysis Worksheet - Approval Homeowner Borrowers, form CMHC 2886 may be used by Approved Lenders to record special payment arrangements, at their discretion. The CMHC 2886 may also be utilized by Approved Lenders who may seek CMHC's prior counsel before approving the financial arrangement. Form CMHC 2886 is illustrated on pages 3 and 4.

Approved Lenders should take care, when documenting a special payment arrangement, to fully investigate the following particulars irrespective of whether or not the CMHC 2886 is employed as a permanent record of investigation:

- Income - for details on Income Requirements, see IS 0303-03, page 2.
- Employment - for details on Employment Requirements, see IS 0303-03, page 2.
- Family Size - composition and income from all sources.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS)	Monitoring and Reporting	2
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SPECIAL PAYMENT
ARRANGEMENT
DOCUMENTATION
(Cont'd)

- mortgage obligations - including secondary charges, liens, other registered charges, and repayment terms, arrears, etc.
- other financial obligations - including any special repayment arrangements approved in the past, arrears (if any)
- annual taxes - the special payment arrangements should provide that the borrower's reduced monthly payments cover, at a minimum, property taxes
- original cost of home - the sum of encumbrances registered against the property plus the amount of any principal and interest deferred (up to \$10,000.) should not exceed the original purchase price of the property
- market value
- terms of the Special Payment Arrangement to be agreed to by the borrower
- reason for the special payment arrangement giving brief details of the borrower's circumstances
- type of arrears recovery plan anticipated
- CMHC consultation review, if requested, and Approved Lender approval.

REPORTING THE
SPECIAL PAYMENT
ARRANGEMENT

All special payment arrangements approved by the Approved Lender must be reported to CMHC (Director, Mortgage Insurance Operations Centre) using the Report of Loans in Arrears, form CMHC 987.

The CMHC 2886 may be used by the Approved Lender to notify CMHC of the details of the special payment arrangement.

CMHC MORTGAGE LOAN INSURANCE

Section

Subject

Page

3

COLLECTIONS - SPECIAL
PAYMENT ARRANGEMENTS
(SINGLE UNITS)Monitoring and
Reporting

1991-08-16

CMHC
Helping to
house CanadiansSCHL
Question habitation,
comptes sur nous

Canada

SPECIAL PAYMENT
ANALYSIS WORKSHEET - APPROVAL
HOMEOWNER BORROWERSFORMULE D'ÉTABLISSEMENT DES
MODALITÉS SPÉCIALES - APPROBATION
PROPRIÉTAIRES-OCCUPANTS EMPRUNTEURSDISTRIBUTION: •Approved Lender
•Copy to Director,
Mortgage Insurance Operations Centre
National OfficeADRESSER AU: •Prêteur agréé
•Copie au directeur,
Centre des opérations d'assurance hypothécaire,
Bureau national

LENDER'S DETAILS / DÉTAILS DU PRÊTEUR

NAME OF LENDER / NOM DU PRÊTEUR	
LENDER'S REF NO / N° DE RÉFÉRENCE DU PRÊTEUR	CMHC ACCOUNT NO / N° DE COMPTE DE LA SCHL

BORROWER'S DETAILS / DÉTAILS DE L'EMPRUNTEUR

BORROWER'S NAME / NOM DE L'EMPRUNTEUR	
PROPERTY ADDRESS / ADRESSE DE LA PROPRIÉTÉ	MAILING ADDRESS (IF DIFFERENT) / ADRESSE POSTALE (S'IL Y A LIEU)
TOTAL MONTHLY GROSS FAMILY INCOME FROM ALL SOURCES / TOTAL DU REVENU MENSUEL FAMILIAL BRUT DE TOUTES PROVENANCES	
\$	
SOURCE(S) / PROVENANCE(S)	
PRESENT EMPLOYMENT STATUS / STATUT PROFESSIONNEL ACTUEL	
IF UNEMPLOYED: EMPLOYMENT PROSPECTS / PERSPECTIVES D'EMPLOI DES PERSONNES AU CHÔMAGE	
SIZE OF FAMILY / TAILLE DE LA FAMILLE	

PROPERTY MORTGAGE OBLIGATIONS (Indicate which is NHA insured) / OBLIGATIONS HYPOTHECAIRES (Indiquer les prêts assurés LNH)

	1 ST MORTGAGE PRÊT HYP DE 1 ^{ER} RANG	2 ND MORTGAGE PRÊT HYP DE 2 ^E RANG	3 RD MORTGAGE PRÊT HYP DE 3 ^E RANG	OTHER AUTRE
PRESENT BALANCE SOLDE COURANT				
REG'D MONTHLY PAYMENT MENSUALITÉ				
INTEREST RATE TAUX D'INTÉRÊT				
NEXT RENEWAL DATE DATE DE RENOUVELLEMENT				
NAME OF LENDER NOM DU PRÊTEUR				
PRESENT ARREARS ARRIÈRES COURANTS				

ORIGINAL COST OF HOME / COÛT ORIGINAL DU LOGEMENT	ANNUAL TAXES / TAXES ANNUELLES	MARKET VALUE / VALEUR MARCHANDE
\$	\$	\$

OTHER FINANCIAL OBLIGATIONS / AUTRES OBLIGATIONS FINANCIÈRES

OWING TO CRÉANCIER	NATURE OF DEBT NATURE DE LA DETTE	PRESENT BALANCE SOLDE COURANT	REG'D MO PAYMENT MENSUALITÉ À VERSER	ARREARS ARRIÈRES

EXISTING SPECIAL PAYMENT ARRANGEMENTS FOR MORTGAGES AND OTHER FINANCIAL OBLIGATIONS (IF ANY) / MODALITÉS SPÉCIALES DE REMBOURSEMENT POUR AUTRES OBLIGATIONS FINANCIÈRES (S'IL Y A LIEU)

CMHC MORTGAGE LOAN INSURANCE

Section

COLLECTIONS - SPECIAL
PAYMENT ARRANGEMENTS
(SINGLE UNITS)

Subject

Monitoring and
Reporting

Page

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PROPOSED SPECIAL PAYMENT ARRANGEMENT FOR NHA-INSURED MORTGAGES / MODALITES SPECIALES DE REMBOURSEMENT DU
PRET HYPOTHECAIRE ASSURE DE PREMIER RANG

(a) Required Monthly Payment change from \$ _____ to \$ _____ effective _____ (Date) _____	(a) Mensualité à verser passe de \$ _____ à \$ _____ à compter du _____ (Date) _____
(b) New Gross Debt Service Ratio (GDS) equals _____ % (Total Gross Monthly Family Income divided into amended NHA Mortgage Payments including prior mortgage, if any should produce a GDS of at least 30%)	(b) Nouveau coefficient d'amortissement brut de la dette (ABD) _____ % (le total du revenu mensuel familial brut, divisé par les mensualités hypothécaires LNH modifiées comprenant le premier prêt hypothécaire, devrait donner un coefficient ABD d'au moins 30 p. 100)
(c) Borrower's previous payment record _____	(c) Fiche de remboursement antérieure de l'emprunteur _____
(d) Date when account last in current position _____	(d) Compte à jour pour la dernière fois le _____

TYPE OF RECOVERY OF ARREARS PLAN ANTICIPATED / METHODE PREVUE POUR LE RECOUVREMENT DE L'ARRIERE

Recovery of arrears over two years or less (specify period) _____	<input type="checkbox"/> Recouvrement de l'arriéré au cours d'une période de deux ans ou moins (indiquer la durée) _____
Reamortization of loan (Provide brief details) _____	<input type="checkbox"/> Reamortissement du prêt (expliquez brièvement) _____
To be resolved at a later date _____	<input type="checkbox"/> La question sera réglée plus tard
Capitalization of interest arrears requires the prior consent of the Director, Mortgage Insurance Operations Centre	<input type="checkbox"/> Accord du directeur, Centre des opérations d'assurance hypothécaire, préalable à la capitalisation des arriérés d'intérêt
Other (identify) _____	<input type="checkbox"/> Autre (préciser) _____

REASON(S) FOR SPECIAL PAYMENT ARRANGEMENT / JUSTIFICATION DES MODALITES SPECIALES DE REMBOURSEMENT

Give brief details of borrower's circumstances and basis to special interest. Brief description de la situation de l'emprunteur et raisons permettant de croire au remboursement du prêt.

LENDER APPROVAL / APPROBATION DU PRETEUR

The special payment arrangement plan stated above has been approved by the lender and does not require the prior consent of CMHC	<input type="checkbox"/> Les modalités spéciales de remboursement énoncées ci-dessus ont été approuvées par le prêteur et ne nécessitent pas l'accord préalable de la SCHL
Distribution to: Director, Mortgage Insurance Operations Centre, National Office, Carleton Place, Ontario	Addressed to: Directeur, Centre des opérations d'assurance hypothécaire, Bureau national, Société canadienne d'hypothèques et de logement, Ottawa (Ontario)
SIGNATURE NAME AND TITLE SIGNATURE NAME AND TITLE	DATE

LENDER RECOMMENDATION / RECOMMANDATION DU PRETEUR

The Approved Lender requests that CMHC approve on the special payment arrangement plan as outlined herein	<input type="checkbox"/> Le prêteur agit en demandant à la SCHL d'approuver les modalités spéciales de remboursement décrites ci-dessus
SIGNATURE NAME AND TITLE SIGNATURE NAME AND TITLE	DATE

CMHC APPROVAL / APPROBATION DE LA SCHL

Special payment arrangement plan is accepted by CMHC	Les modalités spéciales de remboursement sont acceptées par la SCHL
CMHC BRANCH OFFICE MANAGER / DIRECTEUR DE LA SUCCURSALE SCHL	DATE
BRANCH / SUCCURSALE	

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (HOMEOWNER UNITS AND RENTAL PROJECTS)	Recovery of Arrears	1
		1999-04-30

INTRODUCTION

It is expected that any special payment arrangement will encompass a recovery of any accumulated arrears over the shortest possible period within the borrower's financial capability.

HOMEOWNER UNITS

As a guideline, for homeowner units, the borrower is expected to make monthly payments equivalent to at least a Gross Debt Service ratio of 30% of total monthly household income from all sources in order to pay the full mortgage payments and recover all arrears.

RENTAL PROJECTS

For rental projects, normally the arrears recovery period should not exceed two years. However, situations may warrant up to five years.

EXTENSION TO THE
ORIGINAL
AMORTIZATION PERIOD

Re-amortization of arrears of monthly instalments may be approved over an extended amortization period provided that:

- the total amortization period does not exceed the lesser of 40 years from the Interest Adjustment Date, or the remaining economic life of the building; and
- in the case of a leasehold loan, the land lease term must be at least five years longer than the amortization period.

For homeowner units, Approved Lenders may approve, without prior consultation with CMHC, an extension to the original amortization period where:

- the borrower is financially unable to support the mortgage payments and default is likely to occur, or
- it provides a solution to recover the arrears of principal, interest and taxes.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (HOMEOWNER UNITS AND RENTAL PROJECTS)	Recovery of Arrears	2
		1999-04-30

EXTENSION TO THE
ORIGINAL
AMORTIZATION PERIOD
(cont'd)

For rental projects in financial difficulty, or where default is likely to occur, Approved Lenders are to advise the Manager, Centre for Default Management and Real Estate, CMHC, of their recommendation to resolve the situation through extension to the original amortization period.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS AND RENTAL PROJECTS)	Capitalization	1
		1999-11-19

INTRODUCTION

Under Section 11.1 of the NHA, the Approved Lender may, with the consent of CMHC, enter into an agreement with the borrower which would provide for the "variation of the terms of the loan; including the increase of its principal".

RECOVERY PLAN

Every effort should be taken by the Approved Lender to recover arrears over the short term and within the borrower's financial capability.

CAPITALIZATION -
SINGLE PROPERTIES

Capitalization is an immediate recovery plan of last resort that may be approved only once during the borrower's ownership as a restructuring mechanism to resolve financial difficulties of the latter.

BORROWER'S
CHARGES

CMHC is prepared to consider capitalization of arrears of principal and interest, unpaid taxes, utility bills, and other outstanding charges or arrears. However, such borrower's charges will be recognized by CMHC only if they are deemed to be recoverable in a claim.

APPROVED LENDER'S
AUTHORITY -
SINGLE PROPERTIES

The Approved Lender may approve capitalization of arrears of principal and interest, unpaid taxes, utility bills, and other outstanding charges or arrears recognized by CMHC, provided that:

- the amount being capitalized does not exceed \$10,000;
- the total amortization period from the IAD of the capitalized loan does not exceed the maximum period specified under the NHA and Regulations;
- the total amortization period of the capitalized loan does not exceed the remaining economic life of the property; and
- in the case of a leasehold loan, the land lease term is at least five years longer than the amortization period.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS AND RENTAL PROJECTS)	Capitalization	2
		1999-11-19

REPORTING

Arrears before capitalization are to be reported to CMHC, on a monthly basis, in the normal manner via the Report of Loans in Arrears, form CMHC 987. When the capitalization has been completed, the account may be deleted from the monthly report.

The capitalization to a mortgage loan for a single property is to be documented through the Special Payment Analysis Worksheet - Approval Homeowner Borrowers, form CMHC 2886, or an equivalent Approved Lender form.

**REQUIRED
DOCUMENTATION -
SINGLE PROPERTIES**

Where capitalization to a mortgage loan for a single property fails to save the loan, the Approved Lender must submit, with its Statement of Claim, form CMHC 1046, a completed Special Payment Analysis Worksheet - Approval Homeowner Borrowers, form CMHC 2886, or an equivalent Approved Lender form.

The Approved Lender must retain on file the following documentation when capitalizing to a mortgage loan for a single property:

- credit reports;
- transcript of account;
- evidence of market value of property at capitalization;
- salary confirmation; and
- recommendation.

Where mortgage loan failure occurs within 12 months of capitalization, the Approved Lender is required to submit the above noted documentation to CMHC, along with the rationale for selecting this option to resolve the borrower's financial difficulties.

**CMHC APPROVAL -
SINGLE PROPERTIES**

The capitalization to the mortgage loan for a single property, which exceeds established CMHC criteria, requires prior written approval from the Director, Mortgage Insurance Operations Centre, CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
COLLECTIONS - SPECIAL PAYMENT ARRANGEMENTS (SINGLE UNITS AND RENTAL PROJECTS)	Capitalization	3
		1999-11-19

MULTIPLE PROJECTS

For multiple projects in financial difficulty, Approved Lenders are to advise the Director, Mortgage Insurance Operations Centre of their recommendation to resolve the arrears situation through capitalization of arrears.

This recommendation is to be provided, along with other project details, when the Approved Lender advises the Director, Mortgage Insurance Operations Centre by:

- telex; or
- Report of Loans in Arrears, CMHC 987, within 40 days of the initial date of arrears (two instalments and ten days).

DOCUMENTATION

For both single properties and multiple projects, where required, Approved Lenders must ensure that the appropriate documentation is in place to legally secure any capitalization of arrears which CMHC may approve.



CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFICIENCY SETTLEMENT CLAIMS	Overview	1
		1996-09-03

INTRODUCTION

This Section describes the appropriate action required when attempts to settle a mortgage default have failed.

For details, refer to location numbers indicated.

GENERAL

This Subject outlines the situations where an offer to purchase is made by a third party or a transfer of title to CMHC is necessary.

(0304-02)

UNSOLICITED OFFER
TO PURCHASE

An unsolicited offer to purchase may be **received by an Approved Lender** on a property at any time during legal action.

(0304-03)

SALE BY BORROWER

This Subject outlines the criteria for the **Approved Lender** when approval is required for a direct sale by the borrower.

(0304-04)

TITLE DEFECT
AFFECTING SALE OF
PROPERTY

This Subject describes the procedure taken when title defects are found during legal action by any concerned party.

(0304-05)

SALE UNDER
POWER OF SALE

Power of Sale may be made in certain provinces.

(0304-06)

MARKETING
VEHICLES

This Subject outlines the criteria for the **marketing and sale of a property** using the **Request for Proposal Call process** and/or listing a property for sale on the market. The **Approved Lender** and **realtor** must meet these criteria.

(0304-07)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFICIENCY SETTLEMENT CLAIMS	Overview	2
		1998-05-08

JUDICIAL SALE

This Subject identifies the provinces where a **Judicial Sale** is made and describes the necessary CMHC requirements.

(0304-08)

**TERMS OF REFERENCE
FOR FEE APPRAISER**

Specific details concerning property appraisal are described.

(0304-09)

**APPRAISAL AND
OTHER ENCLOSURES**

Details are included on terms of reference, appraisal documentation and other enclosures.

(0304-10)

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject General	Page 1 1996-09-03
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INTRODUCTION

In some cases, the default on a loan is not cured or cannot be remedied by other collection efforts. Under the National Housing Loan Regulation 39.1, the Approved Lender has the responsibility to diligently initiate appropriate legal proceedings to realize on the security.

OFFER TO PURCHASE

It may be beneficial to all concerned parties to accept an offer to purchase the property which is less than:

- the total amount owing under the mortgage, and/or
- the anticipated normal claim amount associated with the regular title transfer claim under the mortgage loan insurance policy.

In this case, CMHC must approve the sale price and the terms of the sale to a third party.

The net proceeds of the sale are credited first against principal outstanding in the loan account, and the claim is calculated in accordance with NHA Section 14.5.

FACILITATING
SALE OF PROPERTY

The Manager of the CMHC **Centre for Default Management and Real Estate** responsible for the area where the property is located, may provide verbal responses to the Approved Lender.

This verbal approval is subject to written confirmation of the relevant facts, at a later date.

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject General	Page 2 1998-05-08
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ABORTIVE SALES
CONVEYANCE OF TITLE
TO CMHC

Where the Approved Lender cannot sell the property through Request for Proposal Call, listing, public auction, **sale by agreement**, call for tenders, etc., CMHC **allows a conveyance of title to CMHC where:**

- the conveyance is done as quickly as possible, and
- the title is acceptable in all other respects.

Responsibility for the legal terms and conditions of the conveyance of the title rests with the Approved Lender.

Any extension of the default period associated with the attempts to sell the property are considered at the mortgage interest rate for claim calculation purposes. This applies even if the default period has already entered the mortgage rate less two phase of a claim settlement.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFICIENCY SETTLEMENT CLAIMS	Unsolicited Offer to Purchase	1
		1998-05-08

INTRODUCTION

During the course of any type of legal action (foreclosure, **prise en paiement**, etc.), the Approved Lender may receive an unsolicited offer to purchase from a third party.

CRITERIA

All reasonable offers relative to general market conditions must be sent to CMHC for assessment. For multiple unit projects, offers may be considered only after a property has been exposed to the market through an approved marketing vehicle as outlined in Section 0304-07.

Information is sent to the Manager of the CMHC Centre for Default Management and Real Estate responsible for the area where the property is located.

APPROVAL BY CMHC

Where CMHC has agreed with the proposed selling price and upon completion of all legal requirements to become the property owner, the Approved Lender may:

- sell the property to a third party, and
- submit a deficiency settlement claim.

During a foreclosure, the Approved Lender may approach the borrower to give a Quit Claim deed to the property instead of continuing with the foreclosure provided:

- there are no subsequent encumbrances, and
- the borrower has no equity in the property.

ACCEPTABILITY

An unsolicited offer to purchase is just as **acceptable** as sales triggered by a property listing under a power of sale or public auction.

CMHC acceptable appraisal(s) must be obtained so that the integrity of the sale cannot be questioned at a later date.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFICIENCY SETTLEMENT CLAIMS	Sale by Borrower	1
		1996-09-03

INTRODUCTION

Subsection 13(4) of the National Housing Act gives CMHC the authority to approve bona fide sales and deficiency settlement claims by Approved Lenders in all cases. Approval may even be given for direct sale by the borrower.

As long as the borrower remains in occupancy of the property (**in the case of "homeowner"**), borrowers may exercise the right to sell the property even though the Approved Lender may have initiated a legal action. Through borrower sales we may anticipate the following benefits: higher sale prices and sales occurring earlier as borrowers generally will show their property to interested purchasers in the best possible light.

CMHC CONDITIONS

CMHC approval will be based on the recommendation and rationale of the Approved Lender and will be subject to:

- establishing a time limit for sale by the borrower, and
- setting a minimum acceptable offer price for the property.

CMHC may pay all legal bills associated with the sale transaction, sales commissions, and pay for the obtaining of independent property **appraisal(s)** in the event of a MIF claim. Costs or losses resulting from title defects or Approved Lender negligence will not be allowed.

The Manager of the local CMHC **Centre for Default Management and Real Estate** is authorized to approve sales but has the responsibility to protect the interests of the Mortgage Insurance Fund. For example, when the borrower lists the property for sale, the following should be borne in mind:

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Sale by Borrower	Page 2 1996-09-03
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CMHC CONDITIONS
(Cont'd)

- the resultant sale should not be construed as a distress sale;
- the borrower should continue to make his full mortgage payment or partial mortgage payment, as approved by CMHC, for the duration of the listing period, or alternatively be encouraged to repay outstanding arrears as a condition of the borrower selling the property;
- the listing period should be closely monitored and the Approved Lender should be instructed to continue with all enforcement proceedings except to the extent where it is detrimental to the approved sale efforts. Where the Approved Lender has suspended legal proceedings in favour of the borrower listing the property for sale, the proceedings are to resume immediately following the termination of the listing unless there is good cause for extending the listing;

In anticipation of the **possibility** that the property will not be sold, the Approved Lender, **where applicable**, should obtain a consent for final order from the borrower, in order to prevent delays in initiating legal proceedings or delays in legal action where proceedings have already commenced.

Where the borrower has a strong covenant the Approved Lender is to obtain a judgment for the total debt or deficiency outstanding. However, where the borrower has a strong covenant and the consent judgment or cash settlement will be for an amount lower than the total debt or deficiency outstanding, the approval of the Director, Mortgage Insurance Operations Centre is required.

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Sale by Borrower	Page 3 1996-09-03
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CMHC CONDITIONS
(Cont'd)

Where the cost of obtaining a judgment is prohibitive relative to the probable dollar recovery or the borrower has a weak covenant, **exceptions for the requirement to seek judgement for payment** must be approved by CMHC (Director, Mortgage Insurance Operations Centre) in accordance with the policy located in IS 0402-03.

CMHC APPROVAL

Where an offer to purchase is less than the **minimum acceptable sales price**, such offers to purchase are referred to the Manager of the **CMHC Centre for Default Management and Real Estate** responsible for the area where the property is located, with the Approved Lender's recommendation.

CMHC will assess the case and advise the Approved Lender to accept or reject the sale.

Upon completion of the sale transaction to a bona fide third party at a price acceptable to CMHC, the Approved Lender will then submit a deficiency settlement claim to CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFICIENCY SETTLEMENT CLAIMS	Title Defects Affecting Sale of the Property	1
		1996-09-03

INTRODUCTION

The marketability of a particular property may be questioned:

- due to title defects as part of a normal title transfer claim
- by an Approved Lender's solicitor and CMHC's solicitor.

The use of the deficiency settlement technique is one way of settling this difference of opinion.

CMHC APPROVAL

Instead of rejecting the Approved Lender's claim completely, the Director, Mortgage Insurance Operations Centre, National Office may agree to let the Approved Lender sell the property at a reduced price provided that CMHC did not accept these defects:

- by endorsement of the policy, or
- through the National Housing Loan Regulations.

ADJUSTMENT TO
SELLING PRICE

As the defects are the Approved Lender's responsibility, any downward adjustments in the selling price necessitated by the "alleged" title defects are reflected in the deficiency settlement paid by CMHC to the Approved Lender.

DISCOVERY OF
TITLE DEFECT
BY PURCHASER'S
SOLICITOR

The process of CMHC approval and an adjustment to the selling price is similar to the one described above when:

- an Approved Lender requests (from CMHC) to proceed with a deficiency settlement claim at the outset rather than to submit a title transfer type of claim, and

CMHC MORTGAGE LOAN INSURANCE

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DEFICIENCY SETTLEMENT CLAIMS	Title Defects Affecting Sale of the Property	2
		1996-09-03

DISCOVERY OF
TITLE DEFECT
BY PURCHASER'S
SOLICITOR
(Cont'd)

- a title defect is discovered by a prospective purchaser's solicitor, rather than a CMHC solicitor.

In this case:

- the purchaser **may** agree to accept the title "as is", subject to a reduction in the purchase price, and
- the Manager of the local CMHC Centre for **Default Management and Real Estate must** then approve this reduced selling price provided that the Approved Lender agrees to a corresponding reduction in the deficiency settlement amount to be paid by CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Sale Under Power of Sale	Page 1 1996-09-03
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INTRODUCTION

This Subject describes the Approved Lender's right to exercise a Power of Sale in certain provinces. CMHC approval and conditions must be met during the process, and specific documentation is required if the Power of Sale is not successful.

APPLICATION

Power of Sale proceedings generally apply in the Provinces of Ontario, New Brunswick, Prince Edward Island, Newfoundland and Manitoba (Statutory Sale under Real Property Act).

MULTIPLE REAL
ESTATE LISTINGS

In those Provinces where provincial law/practice permits the listing of the property on Multiple Real Estate Listings, such listings are the procedure preferred by CMHC to ensure the widest exposure to the potential market.

The listing of properties may also be with real estate brokers where Multiple Real Estate Listings are not available.

CMHC APPROVAL

The listing price and terms pursuant to Multiple Real Estate Listings must receive prior approval from CMHC. For details see below.

CMHC
REQUIREMENTS

The Approved Lender **is required to** exercise its contractual or statutory Power of Sale rights following default under the mortgage prior to listing the property, and provided the title is acceptable in all other respects.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
DEFICIENCY SETTLEMENT CLAIMS	Sale Under Power of Sale	2
		1996-09-03

CMHC REQUIREMENTS
(Cont'd)

The following conditions must be complied with:

Notice of Exercise of the Power of Sale

- This may be given after default for a period of two months in an amount equal to, or in excess of, two full monthly mortgage instalments.

Note: When the mortgagor has abandoned the property, notice may be given after default has continued for 15 days.

- This has been served on the mortgagor and spouse and others required to be served, unless leave is granted by the Court to exercise the Power of Sale without notice, in compliance with provincial statutes.

Approved Lender Requirements

The Approved Lender must have:

- taken steps to complete the initial sale proceedings which comply with relevant provincial law in respect of depositing relevant documentation, and
- not refused to accept payment of all arrears and costs.

EXPIRATION OF NOTICE
TO EXERCISE THE
POWER OF SALE

Where the notice to exercise the Power of Sale has expired and the default has not been rectified, the Approved Lender must provide the following documentation to the Manager of the **CMHC Centre for Default Management and Real Estate** responsible for the area where the property is located:

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Sale Under Power of Sale	Page 3 1998-05-08
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EXPIRATION OF NOTICE
TO EXERCISE THE
POWER OF SALE
(Cont'd)

- for single units and multiple unit projects **up** to 24 units, a minimum of one appraisal of the current market value by an appraiser who meets CMHC's qualifications as outlined in the Appraisal Designation Policy, included in Chapter 99 of the Insurance Initiation Handbook.
- for multiple unit projects **of 25 units or more**, two appraisals of the current market value by appraisers who meet CMHC's qualifications and Terms of Reference as outlined in the Appraisal Designation Policy, included in Chapter 99 of the Insurance Initiation Handbook.

Note: A terms of reference letter may be written by the Approved Lender to an appraiser which includes the terms of reference for the fee appraiser. For clauses which may be included in this suggested letter, see 0304-09.

- present outstanding mortgage balance and mortgage terms, and
- Approved Lender's recommendation and any other pertinent information.

PROCESSING
DOCUMENTATION

The above documentation and information must be submitted:

- within 20 days after the expiry of the Notice of Sale, or
- on the date vacant possession is obtained.

On receipt of the documentation, CMHC:

- assesses the case, and
- endeavours to confirm the recommended listing price to the Approved Lender within 5 days.

CMHC MORTGAGE LOAN INSURANCE

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RECOMMENDATION OF
OTHER ACTION

These instructions do not preclude the Approved Lender from recommending other sale procedures which may include public auction, advertising for tenders, etc.

Such recommendations are made to the Manager of the CMHC **Centre for Default Management and Real Estate**.

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Marketing Vehicles	Page 1 1996-09-03
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INTRODUCTION

This Subject outlines the criteria for the marketing and sale of a property using the Request for Proposal Call process and/or listing a property for sale. The Approved Lender and realtor must meet these criteria.

CRITERIA FOR
USING REQUEST FOR
PROPOSAL CALL (RFP)

The Request for Proposal Call (RFP) process is an effective marketing method for multiple unit projects over 24 units. When a multiple unit property is ready for sale, potential purchasers are advised through advertisements, through contact with the Approved Lender or, if a registered proponent with CMHC, by means of an RFP invitational package. Invited proponents submit formal offers by a stipulated deadline. Interested proponents receive selected formal invitations that include a project brochure or flyer and other project or RFP information.

When CMHC authorizes the Approved Lender to market the property through the RFP process, the Approved Lender can request the Manager of the CMHC Centre for Default Management and Real Estate responsible for the area where the property is located for assistance with the following:

- preparation of the brochure and/or flyer (a flyer can also be used in conjunction with MLS listing),
- a list of selected interested proponents generated through the Real Estate Proponent Inventory (REPI) maintained by CMHC. This function will be the responsibility of the Manager of the CMHC Centre for Default Management and Real Estate.

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Marketing Vehicles	Page 2 1996-09-03
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CRITERIA FOR
LISTING PROPERTY

When CMHC authorizes the Approved Lender to list the property through a real estate listing with a realtor, the Listing Agreement between the Approved Lender and realtor must be subject to the following terms:

CRITERIA FOR
LISTING PROPERTY

- the real estate commission is payable only on the successful completion of the sale transaction, and
- no commission is payable if the title is transferred to CMHC.

The property should be listed:

- as soon as possible after receipt of the recommended listing price from CMHC, and
- usually for 60 or 90 days, whichever is standard for the real estate industry in the community where the property is located.

Note: The listing period is subject to an extension if requested by CMHC.

CRITERIA FOR
AGREEMENT OF
PURCHASE AND SALE

The Agreement of Purchase and Sale is subject to the following terms:

- the property is accepted in an "as is" condition
- the vendor agrees to discharge any existing mortgages, liens and/or encumbrances not extinguished from title by the Power of Sale action
- disclosure of all title defects including any CMHC approved defects or encroachments mentioned on the policy of mortgage loan insurance

CMHC MORTGAGE LOAN INSURANCE

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CRITERIA FOR
AGREEMENT OF
PURCHASE AND SALE
(Cont'd)

- the real estate commission is payable only on the successful completion of the sale transaction

OFFER TO PURCHASE

Where an offer to purchase is **less than the minimum acceptable** sales price, the Approved Lender is required to refer these offers, **along with its recommendation**, to the Manager of the CMHC Centre for Default Management and Real Estate responsible for the area where the property is located, for approval.

A conditional offer must be refused or counter-offered unless the condition is:

- to obtain a commitment for first mortgage financing within 15 days of the offer, or;
- approved by CMHC and contains substantially the following clause:

"The vendor may continue to offer the property for sale and in the event he receives another satisfactory offer, he may so notify the purchaser. The purchaser shall have 48 hours from the time of receipt of such notice or delivery thereof to his address to waive this condition by notice in writing delivered to the vendor or the vendor's agent, failing which the vendor may accept such new offer and this offer and agreement shall become null and void and the purchaser's deposit shall be returned in full without interest."

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

Where the legal action is a **Judicial Sale** (public auction, sale by agreement, call for tenders), the following conditions apply.

APPLICATION

Judicial Sale proceedings generally apply in British Columbia, Alberta, Saskatchewan, Quebec (**Sale by Judicial Authority**), Nova Scotia (Court action for foreclosure and sale), and in the **Yukon and Northwest Territories**.

CMHC APPROVAL

Where the sale of the property by the Approved Lender or a third party is under the direction and approval of the Court, **i.e., a Judicial Sale, the pricing instructions must receive prior CMHC approval and include:**

- the maximum **price to be offered, and**
- the **minimum acceptable price**, where applicable.

CMHC REQUIREMENTS

The following conditions must be met within **20** days after the beginning of the sale proceedings or such longer period as approved by CMHC:

- for single units and multiple unit projects **up to 24 units**, a minimum of one appraisal of the current market value by an appraiser who meets CMHC's qualifications as outlined in the Appraisal Designation Policy, included in Chapter 99 of the Insurance Initiation Handbook.

CMHC MORTGAGE LOAN INSURANCE

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		1998-05-08

CMHC REQUIREMENTS
(Cont'd)

- for multiple unit projects of **25 units or more**, two appraisals of the current market value by appraisers who meet CMHC's qualifications and Terms of Reference as outlined in the Appraisal Designation Policy, included in Chapter 99 of the Insurance Initiation Handbook.

Note: An agreement to use an appraiser without applicable designation in remote locations must be given by the **Manager of the CMHC Centre for Default Management and Real Estate** responsible for the area in which the property is located.

- the Approved Lender's estimate of the mortgage indebtedness, and
- the Approved Lender's recommendations.

PROCESSING
DOCUMENTATION

The above documentation and information must be submitted to the Manager of the CMHC Centre for Default Management and Real Estate responsible for the area where the property is located.

The Manager recommends to the Approved Lender:

- the **pricing** instructions including the maximum **price to be offered**, and
- the **minimum acceptable price**, where applicable.

ATTENDING THE
JUDICIAL SALE

The Approved Lender must:

- attend the Judicial Sale where the method chosen allows it to do so, and
- make offers corresponding to at least the minimum acceptable price, where applicable, to protect the loan security.

CMHC MORTGAGE LOAN INSURANCE

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		1996-09-03

INTRODUCTION

The following terms of reference are applicable to the appraisal of single family houses (up to 2 units) and single units with condominium or strata tenure.

The appraiser may wish to adapt these terms of reference as necessary, with an appropriate explanation, considering the type of property/tenure being appraised.

For multiple unit projects, refer to Chapter 99 of the Insurance Initiation Handbook.

SUGGESTED TEXT

The following text is suggested for use by the appraiser:

"We are acting under the Power of Sale provisions of the mortgage we hold on the above property. We intend to list the property with a real estate broker for the normal period when vacant possession is achieved. We do not intend to sell by auction."

CURRENT MARKET
VALUE

The purpose of the appraisal is to estimate current market value. This is defined as the highest price that the property is likely to realize on the sale to the most typical purchaser, within a reasonable period of time, considering:

- current market conditions, and
- sale by the mortgagee with both the vendor and purchaser having adequate knowledge of the current market conditions and acting accordingly.

PROPERTY APPRAISAL

The property is appraised on an "as is" basis. If the appraiser believes that any repairs to the property are necessary, the following information must also be provided:

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY APPRAISAL
(Cont'd)

- an "as improved" value
- an itemized cost estimate of the suggested repairs, and
- the nature of the repairs.

REQUIRED INFORMATION
FOR PROPERTY
APPRAISAL

The appraisal may be provided in either a narrative format or as a form report which must include the following information:

- definition of value
- identification of property
- an appraisal with an effective date which must be within one month following the date of vacant possession and assuming a sale within a period of 90 days
- summary of market conditions and value trends relative to the property being appraised
- a brief description of the neighbourhood and surroundings
- highest and best use of the land

Note: If the current use does not reflect the highest and best use and alternative uses could affect the value, the client should be advised prior to proceeding with the appraisal.

- brief property description including built-ins/chattels
- assessment and taxes

CMHC MORTGAGE LOAN INSURANCE

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REQUIRED INFORMATION
FOR PROPERTY
APPRAISAL
(Cond't)

- copy of title and comment on marketability
- estimated value of the property using the Direct Sales Comparison Approach, including a brief description of comparable sales, financing and a table of adjustments. A minimum of three sales of comparable properties is to be used in this approach.
- estimated market value of the property
- market rent, and
- photographs of the subject property and comparables.
- map showing location of subject and comparables.

Note: A cost approach to value and separate land value estimate are usually unnecessary, unless the appraiser indicates there is a reason to include them.

- condominium unit - where possible, the appraiser is to utilize current arm's length comparables within the same project in order to minimize the adjustments. Where it is necessary to use comparables from outside the project, appraisers are to be sensitive to positive and negative factors that are project and unit related which affect value.

CMHC MORTGAGE LOAN INSURANCE

Section DEFICIENCY SETTLEMENT CLAIMS	Subject Appraisal and Other Enclosures	Page 1
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INTRODUCTION

The following terms of reference are applicable to the appraisal of single family dwellings (up to 2 units) and single units with condominium or strata tenure. **For multiple unit projects, refer to the Appraisal Designation Policy included in Chapter 99 of the Insurance Initiation Handbook.**

The appraisal and other required enclosures must be promptly delivered to CMHC.

APPRAISAL
DOCUMENTATION

The Approved Lender shall deliver to the Corporation an adequate appraisal **(two appraisals are required for multiple unit projects over 24 units)** where:

- the Approved Lender wishes to proceed under subsection 13(4) NHA or
- the court requires the sale of the mortgaged property and it is likely the Approved Lender may proceed under subsection 13(4), or
- the Corporation notifies the Approved Lender that it may require a sale.

The **appraisal(s)** shall indicate:

- the value of the mortgaged property
- the reasonable time required to sell or otherwise dispose of it
- an informed summary of the realizable value of all other security for the loan.

The **appraisal(s)** must be delivered to the Manager of the CMHC **Centre for Default Management and Real Estate** within 20 days:

- after the court orders that there be a sale, or

CMHC MORTGAGE LOAN INSURANCE

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APPRAISAL
DOCUMENTATION
(Cont'd)

- when the Approved Lender is entitled to offer the mortgaged property for sale, or
- when the borrower has agreed to offer it for sale.

In other cases, the **appraisal(s)** must be delivered to the Corporation within 30 days.

OTHER
ENCLOSURES

The Approved Lender should ensure that in accordance with Regulation 43.1(2), it shall promptly deliver to the Manager of the CMHC **Centre for Default Management and Real Estate**, the following enclosures as each may directly impact the value of the mortgaged property:

- a copy of each listing agreement, agreement of purchase and sale or other disposition, order or direction for sale or other disposition, and other documents of disposition of the mortgaged property
- all of the particulars in which title or permitted use of the mortgaged property is or may be deficient or in which the property may be in violation of any applicable requirements
- particulars of any material change, repudiation or rescission in relation to the sale or disposition.

When proceeding under subsection 13(4) NHA, the Approved Lender shall use its best efforts to effect a sale or disposition in accordance with the approval of the Corporation.

The Manager of the CMHC **Centre for Default Management and Real Estate**, upon completion and approval of the sale or upon notification that the Approved Lender will file its claim with the Director, Mortgage Insurance Operations Centre, will forward the above documents on the Approved Lender's behalf.

CMHC MORTGAGE LOAN INSURANCE

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OTHER
ENCLOSURES
(Cont'd)

The Approved Lender should ensure that all enclosures listed on page 1 of Statement of Claim Under NHA Mortgage Insurance, form CMHC 1046 then in its possession, are submitted along with the CMHC 1046 to avoid unnecessary correspondence and delay in processing the claim. This will include the following additional enclosure requirements in the case of sale:

- a copy of the statement of adjustments for sale or disposition
- a copy of the registered conveyance or other instrument of sale or disposition
- Approved Lender's title acquisition document, if applicable
- statement by the Approved Lender's solicitor (Quebec-notary) or a responsible officer confirming the closing and date of the sale or disposition.

CMHC MORTGAGE LOAN INSURANCE

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ARREARS REPORTING	Overview	1
		1999-11-19

INTRODUCTION

This Section describes the various arrears reports that Approved Lenders must submit to CMHC by a specified date or under certain conditions.

For details on other types of loan reports which must be submitted, see 0105-01.

MONTH-END
REPORTS

Certain NHA insured loans which are in arrears or default must be reported within 30 days following the end of each month, using form CMHC 987 or a report format approved by CMHC.
(0305-02)

SPECIAL REPORTS -
RENTAL PROJECTS

In addition to the regular month-end reporting requirements, loans for rental projects consisting of seven units or more are reported to CMHC within one month and 10 days from the date on which the last instalment was due and unpaid (see IS 0305-03 for more details).

(0305-03)

STATUS REPORTS -
SECOND MORTGAGES

In certain arrears or default situations, Approved Lenders must report on each pertinent loan account separately, using form CMHC 2790 or a report format approved by CMHC. This status report is in addition to the month-end reporting requirements.

(0305-04)

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

Lenders must report to CMHC on all NHA insured loans which:

- are being administered by the lender, and
- are in arrears or default as described below.

The report must be submitted:

- within 30 days after the end of each month.
- in a form prescribed by CMHC.

LOANS TO REPORT

Loans Repayable Monthly - report insured loans in arrears in an amount equal to at least three monthly payments of principal, interest and taxes.

Loans Repayable Quarterly/Semi-Annually/Annually - report loans in an amount equal to one required payment.

Loans Where Construction Stopped - report loans in default by reason of failure to complete the construction as a result of bankruptcy, insolvency or otherwise immediately it is known construction has stopped.

Loans With Unpaid Interest On Advances - accrued interest on advances is to be collected monthly, whether or not the Interest Adjustment Date is postponed. Lenders are to report arrears of unpaid interest on advances for these loans at the three month level.

Agency Loans And Joint Loans - these loans need only be reported when the account is under legal action.

CMHC MORTGAGE LOAN INSURANCE

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REPORT
SUBMISSION
(Cont'd)

Failure to report arrears cases on insured loans could result in a loss of interest. This is referred to in Regulation 42.1 (1)(a)(iv) of the NHA should a claim on the Mortgage Insurance Fund be made at a later date.

CMHC MORTGAGE LOAN INSURANCE

Section ARREARS REPORTING	Subject Month-End Reports	Page 5
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SEE INSTRUCTION ON REVERSE VOIR INSTRUCTIONS AU VERSO		TO / A : CMHC, National Office SCHL, Bureau national Insurance Servicing Div./Adm. de l'assurance 700 Montreal Rd / Chemin de Montréal Ottawa, Ontario K1A 0P7		FROM / DE :		Name / Nom		Address / Adresse	
The following Mortgage Loans, repayable by monthly installments, were in arrears in amounts equal to or exceeding three (3) installments of principal, interest and taxes, or in default at the end of the month by reason of failure to complete the work of construction as a result of bankruptcy, insolvency or otherwise, or in arrears in any amount, on loans repayable by quarterly, semi-annual, or annual installments as at the month ending <u>19</u> .									
Les prêts hypothécaires suivants, remboursables en mensualités, étaient en souffrance d'un montant égal à trois (3) mensualités ou plus, comportant principal, intérêt et taxes, ou en défaut de terminer les travaux de construction en raison de faillite, d'insolvabilité ou d'une autre cause, ou en souffrance d'un montant quelconque, en ce qui concerne les prêts remboursables trimestriellement, semi-annuellement ou annuellement à la fin du mois terminé le <u>19</u> .									
CMHC NO. N° SCHL	LENDERS NO. N° DU PRÊTEUR	TOTAL ARREARS TOTAL DES ARRIÈRES	DUE DATE OF LAST FULL INSTALLMENT PAID ÉCHÉANCE DU DERNIER VERSEMENT PAYÉ	PROJECT AND PRINCIPAL'S NAME NOM DU PROJET ET DES PROPRIÉTAIRES	CIVIC ADDRESS ADRESSE	TYPE OF LOAN GISE	LENDERS DEFAULT OFFICER AND PHONE NO. AGENT RESPONSIBLE OU DÉFAUT ET NUMÉRO DE TÉLÉPHONE	REMARKS: REMARQUES: Condition or other action, See Remarks for details. Condition ou autre action, Voir les remarques pour les détails.	ANTICIPATED DATE D'ACQUISITION PRÉVUE
TOTALS TOTALS									
I hereby certify that the above represents all the arrears on insured loans to be reported in accordance with Section 40 of the National Housing Loan Regulations or all the arrears on port loans to be reported in accordance with the lending institution agreements.									
Date		Name (Please Print) / Nom (Écrire en lettres moulées)		Title / Titre		Signature			



Section

ARREARS REPORTING

Subject

Month-End Reports

Page 6

1999 - 11 - 19

REPORT OF LOANS IN ARREARS / RAPPORT DES PRÊTS EN SOUFFRANCE									
FROM / DE :		Name / Nom		Address / Adresse					
<p>The following Mortgage Loans, repayable by monthly installments, were in arrears in amounts equal to or exceeding three (3) instalments of principal, interest and taxes, or in default at the end of the month by reason of failure to complete the work of construction as a result of bankruptcy, insolvency or otherwise, or it arises in any amount, on loans repayable by quarterly, semi-annual, or annual installments as at the month ending _____ 19__.</p>									
CAMC NO. N° SCHL	LENDERS NO N° DU PRÊTEUR	TOTAL ARREARS TOTAL DES ARRÉRIÉS	DUE DATE OF LAST FULL INSTALLMENT PAID ÉCHÉANCE DU DERNIER VERSEMENT PAYÉ	PROJECT AND PRINCIPAL'S NAME NOM DU PROJET ET DES PROPRIÉTAIRES	CIVIC ADDRESS ADRESSE	TYPE OF LOAN GENRE DE PRÊT	LENDERS DEFAULT OFFICER AND PHONE NO. AGENT RESPONSABLE DU DÉFAUT ET NOMBRE DE TÉLÉPHONE	REMARKS: REMARQUES:	
<p>I hereby certify that the above represents all the arrears on insured loans to be reported in accordance with Section 40 of the National Housing Loan Regulations or all the arrears on part loans to be reported in accordance with the lending institution agreements.</p>									
Date						Signature			
Name (Please Print) / Nom (Ecrire en lettres majuscules)						Title / Titre			
<p>Je certifie par les présentes que les montants susmentionnés représentent tous les prêts assurés en souffrance dont il faut faire rapport conformément aux dispositions de l'annexe 40 du Règlement national sur les prêts pour l'habitation ou tous les prêts concernés en souffrance dont il faut faire rapport conformément aux stipulations préétablies.</p>									
<p>APPENDIX / ANNEXE</p>									
<p>Protected when completed / Protégé une fois rempli</p>									
<p>REPORT FOR / RAPPORT POUR</p>									
<p><input type="checkbox"/> INSURED / ASSURÉ</p>									
<p><input type="checkbox"/> JOINT / CONJOINT</p>									
<p><input type="checkbox"/> AGENCY / DAGENCE</p>									
<p>AMORTIZED ACQUISITION DATE DATE D'ACQUISITION PRÉVUE</p>									

CMHC MORTGAGE LOAN INSURANCE

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ARREARS REPORTING	Special Reports - Rental Projects	1
		1999-11-19

INTRODUCTION

In addition to the regular month-end reporting requirements for existing arrears (see 0305-02), Approved Lenders are required to report any new loans for rental projects consisting of seven units or more:

- within one month and 10 days from the date on which the last instalment was due and unpaid;

Arrears Reporting Example

Normal payment date	2nd of the month
1st missed payment	July 2
2nd missed payment	August 2
Arrears report received by CMHC on	August 12

- as separate entries; and
- using Report of Loans in Arrears, form CMHC 987, adding the words "Special Report" at the top of the form.

Note: For an illustration of the form, see 0305-02.

For the purposes of the special report, arrears encompass the following:

- arrears of accrued interest on construction loan advances;
- arrears of monthly instalments;
- arrears of taxes (school and property);
- other arrears that may arise in the course of administering the loan, i.e. utilities; and
- a combination of any of the above.

REPORT CONTENT

It is important that CMHC be immediately notified by the Approved Lender of any project which, in its view, is in imminent financial difficulty or may be affected by other events relating to the borrower that may indirectly have an influence on the project's viability. The following information should be provided on form CMHC 987 or on a report format approved by CMHC:

CMHC MORTGAGE LOAN INSURANCE

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REPORT CONTENT
(cont'd)

- Officer contact name and phone number
- CMHC's loan account number
- Approved Lender's loan account number
- Dollar amount of arrears, if any
- Due date of last instalment paid
- Statement of problem
- Recommended course of action.

CMHC
DIRECTION

Upon receipt of the special report, CMHC will review the situation and establish a strategy or course of action with the Approved Lender to resolve project difficulties.

Where project difficulties cannot be resolved, CMHC is authorized to direct the Approved Lender to diligently pursue proceedings to realize on the mortgage security in a way that minimizes losses to the Approved Lender and CMHC.

CMHC MORTGAGE LOAN INSURANCE

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ARREARS REPORTING	Status Reports - Second Mortgages	1
		1990-10-01

INTRODUCTION

In addition to the month-end reporting requirements (see 0305-02), lenders must submit an individual status report on each loan account as soon as the following is known:

- either the first or second mortgage is 3 months in arrears, or
- a third party has initiated an action which may jeopardize the security of the second mortgage.

A status report must be submitted immediately if the default is serious, i.e.:

- abandonment of the property, or
- the owner confirms that no further payments will be made.

REPORT FORMAT

Lenders should report to CMHC, using:

- Status of Insured Second Mortgage Loan Arrears, form CMHC 2790 (see illustration on page 4), or
- a report format approved by CMHC.

MAKING
RECOMMENDATIONS
TO CMHC

When reporting the default, the lender must make a firm recommendation, based on:

- a completed review of the situation
- the course of action to take, and
- whether or not the second mortgage security should be protected.

The recommendation should also include:

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

IS 0305-04

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MAKING
RECOMMENDATIONS
TO CMHC
(Cont'd)

Opinion of Market Value - where there is doubt as to the market value of the property, the lender must seek approval from CMHC (i.e., Director, Mortgage Insurance Operations Centre) to obtain a fee appraisal report.

Pursuit of the Personal Covenant - lenders are expected to make a firm recommendation regarding the feasibility of pursuing and recovering under the homeowner's personal covenants, based on:

- a financial recovery report
- credit report, or
- other reliable information.

Special Payment Arrangements - Approved Lenders should use the Special Payment Analysis Worksheet - Approval Homeowner Borrowers form to document and support a recommendation for CMHC consideration of a special homeowner payment arrangement.

Note: For an illustration of the form, see 0303-05.

Quit Claim - the second mortgagee should not agree to a Quit Claim of the second mortgage without first obtaining CMHC approval. To support this request, the second mortgagee must provide CMHC with:

- an assessment of the borrower's ability to pay, and
- a confirmation of the market value of the security.

CMHC MORTGAGE LOAN INSURANCE

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AWAITING
RESPONSE

Once the report is submitted, the lender should continue to do the following until there is a response from CMHC:

- take prudent property protection and conservation measures, and
- keep CMHC informed.

CMHC
RESPONSE

Following receipt of the report, CMHC National Office will analyze the situation, and either:

- provide the lender with concurrence to the lender's recommendation, or
- request that the lender follow a different course of action.

CMHC MORTGAGE LOAN INSURANCE

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Canada Mortgage and Housing Corporation  Société canadienne d'hypothèques et de logement

Canada

STATUS OF INSURED SECOND MORTGAGE LOAN ARREARS

FIRST MORTGAGE (CMHC INSURED ☐ YES ☐ NO)

SECOND MORTGAGE

LENDER'S NAME		LENDER'S NAME	
REFERENCE NO	CMHC ACCOUNT NO	REFERENCE NO	CMHC ACCOUNT NO

PROPERTY ADDRESS

STREET NO		STREET NAME	
CITY		PROVINCE	POSTAL CODE

PROPERTY DETAILS

1 CONDITION OF PROPERTY <input type="checkbox"/> GOOD <input type="checkbox"/> FAIR <input type="checkbox"/> POOR	2 REPAIRS REQUIRED * <input type="checkbox"/> NO <input type="checkbox"/> YES	ESTIMATED AMOUNT \$	3 DATE PROPERTY INSPECTED
4 ESTIMATED CURRENT MARKET VALUE \$ AS AT DATE		5 APPRAISAL ATTACHED <input type="checkbox"/> YES <input type="checkbox"/> NO	
6 OCCUPIED <input type="checkbox"/> YES <input type="checkbox"/> NO	NAME OF OCCUPANT	RENTED <input type="checkbox"/> YES <input type="checkbox"/> NO	MONTHLY RENT \$

*PROVIDE A SEPARATE DESCRIPTION AND ESTIMATED COST FOR EACH TYPE OF REPAIR

MORTGAGE DETAILS

ITEM	FIRST MORTGAGE	SECOND MORTGAGE
BALANCE OUTSTANDING	\$	\$
TERM	YRS MOS	YRS MOS
AMORTIZATION	YRS MOS	YRS MOS
INTEREST RATE	%	%
MATURITY DATE		
ARREARS — INTEREST	\$	\$
— TAXES	\$	\$
— OTHER (SPECIFY)		
TYPE OF REMEDIAL ACTION TAKEN	REMEDIAL ACTION TAKEN BY	

CAUSE OF DEFAULT

--

CLAIM DETAILS

ESTIMATED AMOUNT \$	ESTIMATED DATE CLAIM TO BE SUBMITTED
------------------------	--------------------------------------

RECOMMENDATION/REMARKS

--

AUTHORIZED SIGNING OFFICER

NAME AND TITLE (PLEASE PRINT)	SIGNATURE	DATE
-------------------------------	-----------	------

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY INSPECTIONS	Overview	1
		1990-10-01

INTRODUCTION

This Section provides details on property inspections.

SINGLE/DUPLEX
UNITS

A security visit of an owner or tenant occupied unit must be made if abandonment is indicated.
(0306-02)

VACANT AND
OCCUPIED HOUSES

Property inspections are acceptable as borrower's charges.

(0306-03)

INSPECTION
FEES

There is a flat fee which can be claimed for an inspection of a vacant or occupied property. For multiple unit projects, CMHC recognizes a management fee as an approved borrower's charge.

(0306-04)

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY INSPECTIONS	Single/Duplex Units	1
		1990-10-01

INTRODUCTION

The Approved Lender, and his/her legal agent, where applicable, must be alert to the possibility of abandonment when:

- mortgage accounts are seriously in default (i.e., three months in arrears), and/or
- legal action for default is in process (in particular).

Note: This is to ensure that the Approved Lender fulfills the obligations under Regulation 48(1) in exercising reasonable care and prudence in the protection of the loan security.

Indications of abandonment include:

- the return of mail addressed to the property
- failure to contact the borrower by telephone
- the lender's awareness of property neglect or abandonment by other means.

If abandonment is indicated, a security visit of the property must be made.

OWNER-OCCUPIED
UNITS

For this type of property, the lender should:

- ensure that the property is still occupied by the owner
- determine the physical condition of the property, repairs needed if any, and the estimated cost of these repairs.

TENANT-OCCUPIED
UNITS

For a rented property, the lender should:

- obtain tenant information and the terms of the lease

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY INSPECTIONS	Single/Duplex Units	2
		1990-10-01

TENANT-OCCUPIED
UNITS
(Cont'd)

- obtain the cooperation of the tenant in respect to the inspection, appraisal and maintenance of the property
- proceed to collect the rent or obtain vacant possession subject to provincial landlord and tenant legislation.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY INSPECTIONS	Vacant and Occupied Houses	1
		1990-10-01

INTRODUCTION

CMHC will recognize inspections of vacant and occupied houses as borrower's charges.

For details on inspection fees, see 0306-04.

VACANT HOUSES

Security visits for the purposes of completing an initial property inspection should be immediately initiated in order to arrange such items as:

- change of locks
- reconnecting utility services, and
- other preservation/protection measures outlined at 0307-03/04.

In the event of a Mortgage Insurance Fund claim, CMHC recognizes inspection fees for property inspections beginning from the default date. This is recognizing that lenders should proceed promptly to effect winter protection and avoid lender's negligence for failure to adequately effect measures to protect the subject property against the elements.

OCCUPIED HOUSES

Security visits of owner or tenant occupied houses are recommended when the loan account is in serious default (see 0302-02).

In the event of a Mortgage Insurance Fund claim, CMHC recognizes inspection fees for property inspections beginning:

- from the date when the mortgage account is in arrears equivalent to three monthly instalments of principal, interest and taxes, or
- when legal default proceedings are started, whichever is earlier.

CMHC MORTGAGE LOAN INSURANCE

Section PROPERTY INSPECTIONS	Subject Vacant and Occupied Houses	Page 2 1990-10-01
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OCCUPIED HOUSES
(Cont'd)

In the winter months, inspection fees may begin from the default date where the Approved Lender is unable to:

- contact the borrower, or
- otherwise ascertain if the property is occupied or vacant.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY INSPECTIONS	Inspection Fees	1
		1991-08-30

INTRODUCTION

Inspection fees for inspections of property are recognized as approved borrower's charges.

VACANT/OCCUPIED
PROPERTIES -
APPROVED
CHARGES

A flat charge of \$25 per week is acceptable to CMHC from the start date as outlined in 0306-03 to the date of claim closing. This charge includes the preliminary and final property inspections for the maximum period prescribed by the National Housing Act (normally 18 months).

Note: For physical inspections of properties in remote market locations, this flat rate allowance may not recover substantial Approved Lender inspection costs. If this is the case, Approved Lenders are requested to provide their recommendation regarding approval of reasonable expenses to the Director, Mortgage Insurance Operations Centre.

For claim calculation purposes, Approved Lenders are not required to substantiate all physical inspections in order to obtain reimbursement. However, Approved Lenders are expected to:

- maintain their records
- document important dates such as preliminary and final inspections, and any inspections revealing property damage and actions related to rectify the situation
- provide the above upon request.

Interest will accrue on the inspection fees:

- at the mortgage interest rate
- from the mid-point between the first and last inspection date.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY INSPECTIONS	Inspection Fees	2
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VACANT
PROPERTIES
ONLY

Incurring Inspection Costs - the lender is expected to effect economies in incurring inspection costs where a number of vacant houses are located:

- on the same street, in the same project, or in the same general area of the municipality.

Charges Not Approved - following the initial take-over of a vacant property, a lender may conduct more than one inspection per week where circumstances warrant more frequent inspections, e.g., hot water heating. In this case, no additional fees are paid by CMHC as the authorized inspection fee is deemed to be adequate financial compensation for periods when lenders do not conduct weekly inspections for such obvious reasons as:

- temperate weather
- adequate property protection measures in place
- first weeks of default, etc.

MULTIPLE UNIT
PROJECTS

Since inspections are part of the normal administrative process of a multiple unit project, CMHC does not normally recognize inspection fees for the protection of this type of properties. Instead, CMHC recognizes a management fee as an approved borrower's charge. If inspection fees are anticipated where a project is completely vacant and/or construction is not completed, lenders must discuss the steps to be taken for the protection of the property with CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Overview	1
		1990-10-01

INTRODUCTION

The Approved Lender must take adequate measures in protecting a vacant or abandoned property. This Section deals with various aspects of property protection.

For details, refer to location numbers indicated.

GENERAL

This Subject covers general information on protecting property.

(0307-02)

PROTECTION/
PRESERVATION
MEASURES - GENERAL

There are general measures to follow in protecting and preserving vacant or abandoned houses.

(0307-03)

PROTECTION/
PRESERVATION
MEASURES - OTHER

In certain situations, property must be protected/preserved using the measures specified.

(0307-04)

WINTER PROTECTION
MEASURES - HEATING

Before the winter months, certain measures must be taken when heating a property with a forced hot air or hot water system.

(0307-05)

WINTER PROTECTION
MEASURES - OTHER

Before and during the winter months, there are certain protection measures to take regarding plumbing, snow removal and work stoppage during construction.

(0307-06)

APPROVED
BORROWER'S
CHARGES

Some of the most common charges claimed by Approved Lenders are described.

(0307-07)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	General	1
		1990-10-01

INTRODUCTION

Under Regulation 48(1), the Approved Lender is required to exercise reasonable care and prudence in the protection of the loan security (property) either before or after foreclosure.

LENDER
GUIDELINES

Approved Lenders should take reasonable and prudent action to protect and preserve vacant or abandoned properties until conveyance of title to CMHC pursuant to Section 13 NHA. Such protective action is required in the case of:

- abandonment or work stoppage during construction
- abandonment or vacancy arising after occupancy or acquisition of title by the lender.

PROTECTION OF
VACANT/
ABANDONED
HOUSES

Upon learning that a house has become vacant or abandoned, the lender must take adequate measures to protect and preserve the property. Where the Approved Lender considers that the required action to protect and preserve a vacant property constitutes illegal trespass, he/she should:

- obtain the advice of its legal counsel, and
- submit a written report to CMHC (i.e., Manager, Mortgage Insurance Operations Centre).

Protection and preservation measures are discussed in 0307-03/04/05.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Protection/Preservation Measures - General	1
		1990-10-01

INTRODUCTION

General measures are required in the protection and preservation of vacant or abandoned houses.

For measures of a more specific nature, see 0307-04.

REQUIREMENTS

- Securing windows and doors to prevent unauthorized entry.
- Boarding up windows in remote areas, or in cases where vandalism has occurred or is likely to occur. In areas where there is a high occurrence of vandalism, it may be advisable to request the cooperation of the local police department so that patrol activity is increased on streets where vacant properties are located.
- Replacing broken glass to protect the interior against vandalism and the weather, protecting plumbing and operating systems against damage by freezing.
- Temporary measures to protect interiors against damage from leaking roofs.
- Removal of any refuse which may constitute a fire hazard.
- Cutting of lawns to preserve neighbourhood appeal.
- Removal of snow from driveway in the winter to comply with any municipal by-law relating to fire protection.
- Removal of heavy snow from roofs in the winter.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Protection/Preservation Measures - General	2
		1990-10-01

REQUIREMENTS
(Cont'd)

- Maintaining heat during the winter season if there is a risk of damage from frost or moisture.

Note: For specific winter protection measures, see 0307-05.

EXPENDITURES

Reasonable expenditures to carry out these measures must be reported on Report of Loans in Arrears, Form CMHC 987 at month end (for form illustration see 0305-02).

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Protection/Preservation Measures - Other	1
		1995-11-24

INTRODUCTION

In certain situations, there are specific measures which must be taken for the protection/preservation of property.

PROPERTY
CONVEYANCE

Where an Approved Lender intends to convey a property to CMHC, the property must be free of:

- refuse, and/or
- personal property belonging to the former owner or others.

If the removal of refuse and/or personal property involves an expense of up to \$1,000 and the Approved Lender is satisfied the expense is reasonable, it can proceed without prior approval of CMHC. Where such an expense is incurred, the Approved Lender must provide CMHC with an explanation supporting the Approved Lender's claim for reimbursement of the borrower's charge on a Mortgage Loan Insurance settlement.

MAJOR REPAIRS

If major repairs of a capital nature (e.g., new roof, new furnace) are required to protect a property, the Approved Lender must obtain prior approval from CMHC. The Approved Lender must provide CMHC with:

- **three** written competitive quotes, and
- its written comments and recommendation.

Note: In an emergency situation, CMHC's approval can be obtained by telephone or telex.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page 2
PROPERTY PROTECTION	Protection/Preservation Measures - Other	1990-10-01

MAJOR REPAIRS
(Cont'd)

To avoid possible serious damages to the property, immediate repairs/replacements may be needed. Having regard to the Regulations, the Approved Lender should effect these repairs and obtain post approval from CMHC.

PROPERTY
POSSESSION

When an Approved Lender goes into possession, the lender must notify the utility company that it will pay the utility bills as of the date of possession. This avoids the risk of possible disruption of services.

Where public utility arrears must be paid in order to restore necessary service to the property, they should be paid:

- "under protest", and
- the matter reported to CMHC, along with the action being taken to recover the payment.

CMHC will deem the expenditures as an approved borrower's charge provided it does not exceed \$500. Prior approval of CMHC is not required.

CONDOMINIUM/STRATA
UNITS - COMMON
EXPENSES

Where a lender is administering abandoned or vacant units in such projects, see 0202-01 for matters pertaining to the protection of the loan security (i.e., payment of common expenses and special levies).

MULTIPLE UNIT
PROJECTS

Construction Not Completed - for multiple unit projects (rental/condominium), the Approved Lender should be alert to any builder/developer insolvency or work stoppage which may lead to inadequate protection of the property. For such projects under construction, the lender should:

CMHC MORTGAGE LOAN INSURANCE

Section PROPERTY PROTECTION	Subject Protection/Preservation Measures - Other	Page 3 1990-10-01
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MULTIPLE UNIT
PROJECTS
(Cont'd)

- obtain professional advice as to the required protection if deemed necessary, and
- consult the Manager of the CMHC Local Office in this respect.

To avoid vandalism, security service may also be required under certain situations.

Project Occupied Or Ready For Occupancy - for required action see 0308-02.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Winter Protection Measures - Heating	1
		1990-10-01

INTRODUCTION

Before winter weather conditions set in or the temperature drops below freezing, the lender must ensure that the property is protected by heating. All properties must be heated during the winter months except:

- in locations where there is no danger from frost, and
- properties with coal or wood heating systems.

When property is to be heated using a forced hot air or hot water system, the following appropriate measures should be taken.

FORCED HOT AIR
SYSTEM

- Ensure that the furnace and controls are checked, cleaned and repaired by a qualified tradesman (take advantage of the free home heating service if provided by fuel suppliers).
- Arrange for the continuing supply of hydro and fuel.
- Set the thermostat at 15.5 degrees C.
- Consider the closing of warm-air registers in the upper rooms so that the most heat will be concentrated at the lower levels.
- Where infiltration of combustion into the furnace area is considered insufficient with all interior doors open, install a fresh air inlet direct to the basement. For this purpose, a basement storm-window may be removed and an aluminum ventilator installed in the permanent sash.

CMHC MORTGAGE LOAN INSURANCE

Section PROPERTY PROTECTION	Subject Winter Protection Measures - Heating	Page 2
		1990-10-01

FORCED HOT AIR
SYSTEM
(Cont'd)

- Make regular inspections to:

- check thermostat settings, pressure gauges, house temperature, oil supply, operation of furnace and indication of frost movement or damage, and

- air the house by opening all exterior doors during period of inspection.

Note: It has been found that a lack of air circulation in unoccupied houses leads to excessive humidity. This excess in the basement has been known to short circuit the breaker panel which then cuts out the furnace circuit.

HOT WATER
SYSTEM

- Ensure that a thorough examination of the heating system is carried out by a qualified person. All necessary repairs or replacements must be made so that uninterrupted operation of the system can be expected.

- Consult a reliable heating contractor as to the merits of introducing ethylene glycol anti-freeze (substitutes are dangerous) into the system as a further safeguard against freezing should the system fail during extreme weather.

Note: The introduction of such an additive should be carried out by a qualified person. A notice to the effect that such a solution has been added to the system should be prominently displayed for the benefit of those persons carrying out regular inspections.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Winter Protection Measures - Heating	3
		1990-10-01

HOT WATER
SYSTEM
(Cont'd)

- Check with the local municipality when the use of ethylene glycol anti-freeze is recommended in order to determine if such a procedure is permissible under local by-laws. If it is not acceptable to the municipality, heating must be done only with unadulterated water.
- Remember the following during inspections:
 - glycol solutions have a tendency to weep at joints. Joints that may be completely tight to water may require sealing when glycol solutions are used.
 - leakage of glycol solutions into the furnace firebox produces fumes that are slightly toxic and would be plainly visible at the chimney stack as white and dense. If these fumes are visible, seal the leaks as required, and
 - when property is to be subsequently occupied, the system must be drained and if necessary, flushed to remove the glycol solution before refilling with fresh water.

CMHC MORTGAGE LOAN INSURANCE

Section PROPERTY PROTECTION	Subject Winter Protection Measures - Other	Page 1
		1990-10-01

INTRODUCTION

Before winter weather conditions set in or the temperature drops below freezing, the lender must protect the property by:

- heating (see 0307-05), and
- other measures as described below.

PLUMBING

Regardless of whether or not the property is heated, take the following steps to provide protection to the plumbing and water supply:

- Turn off the water supply at the curb cock and at the service entrance. (In case of individual well systems, at the pump).
- Drain the plumbing from the lowest point and open all faucets. (Basement hot-water tanks with drains at the bottom are usually the lowest point; otherwise, the laundry tubs).

Note: The draining of hot-water systems is to be carried out by qualified experts. It is suggested that air pressure be used to blow out all radiators, pipes, pumps, tanks and reservoirs.

- Drain the water closet and disconnect the filler valve. Fill the toilet bowl trap with glycol, coal oil or other suitable antifreeze which mixes with water. Use masking tape to secure the toilet seat and cover to the bowl.
- Fill all other traps as above.
- Mark all fixtures as "winterized", using suitable signs.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Winter Protection Measures - Other	2
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SNOW REMOVAL

During regular inspections, arrange for the removal of:

- snow and ice accumulation on the roof if it is a hazard, and
- snow from walks and/or drives where municipal by-laws require or to provide ready access to potential purchasers, service contractors and fire protection.

CONSTRUCTION NOT COMPLETED

If construction should stop during the winter season, take the following steps to protect footings, foundation and reinforced concrete columns and beams:

- Protect concrete by straw or other insulating materials where temperatures are not too far below freezing. At extreme temperatures, tarpaulins or plastic sheets may have to be provided over whole foundation and excavated areas together with auxiliary heat.

Note: Care must be taken to avoid excessive heat or over-drying of the concrete.

- Where backfilling is required, frozen material should not be used if suitable material cannot be obtained. Instead, place drain tile, and provide proper outlets for spring runoff. To prevent frost penetration, place straw around the foundations so that the ground around and under foundations is kept from freezing.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Approved Borrower's Charges	1
		1990-10-01

INTRODUCTION

Details follow on some of the most common charges which can be claimed by Approved Lenders.

INSURANCE
PREMIUMS

CMHC recognizes the following as approved borrower's charges:

- insurance premiums paid by the lender where a borrower has failed to do so
- amounts paid for vacancy permits where applicable.

Note: Normally, CMHC does not recognize disbursements for insurance coverage on individual condominium/strata units where the condominium/strata corporation maintains a master policy.

For further details on insurance coverage, see 0104-03.

CONDITIONAL SALES
CONTRACTS

Where an Approved Lender requests CMHC's approval of a borrower's charge to settle a Conditional Sales Contract, the claim must be substantiated with the following information:

- confirmation of the validity of the Conditional Sales Contract
- amount of the original contract
- certified statement from the contract holder of all transactions in the account
- confirmation that appliances and/or fixtures are in place and their condition
- dollar amount requested by the contract holder

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY PROTECTION	Approved Borrower's Charges	2
		1990-10-01

CONDITIONAL SALES
CONTRACTS
(Cont'd)

- lender's recommendation regarding the amount of settlement.

REAL ESTATE
TRANSFER TAX -
ONTARIO -
LAND TRANSFER
ACT, 1974

Transferee Is A Resident - for mortgage loan insurance claim purposes, CMHC will pay to the Approved Lender, the tax that was paid upon registration of the conveyance. This disbursement is normally included in the solicitor's bill of account.

Transferee Is A Non-Resident - the land transfer tax for a conveyance is normally substantially higher than for a conveyance to a resident. However, the tax imposed at the non-resident rate is reduced to the rate applicable to the resident where:

- the transferee named in the conveyance makes an Affidavit, Form 5, in the Matter of Section 16(4)(e) of the Land Transfer Act, 1974, and
- this Affidavit is attached to a conveyance tendered for registration.

Therefore, when paying a claim under the policy of mortgage loan insurance, CMHC recognizes a tax at the resident rate:

- for settlement purposes
- as part of the legal costs of acquisition.

CONDOMINIUM/STRATA
EXPENSE ARREARS

For full details on the approved disbursements, see 0202-01.

UNUSUAL EXPENSES

When amounts are claimed as borrower's charges for items which are unusual as to type and amount, and prior written approval of this expense:

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY PROTECTION	Approved Borrower's Charges	3
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UNUSUAL EXPENSES
(Cont'd)

- was not obtained from CMHC, the lender must submit an explanation of these items so that CMHC can determine whether the charges are acceptable
- was obtained by CMHC, a copy of the letter should be submitted with the claim.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Overview	1
		1990-10-01

INTRODUCTION

This Section provides information relating to property management.

GENERAL

This Subject provides general information on property management.

(0308-02)

PROPERTY
MANAGEMENT
FIRMS

When a property management firm is used by a lender, both the lender and the firm must carry out certain responsibilities.

(0308-03)

PROPERTY
MANAGEMENT
CONTRACTS

The property management firm hired by the Approved Lender must enter into a formal property management contract with the lender.

(0308-04)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	General	1
		1990-10-01

INTRODUCTION

General information regarding property management follows.

MULTIPLE UNIT
PROJECTS - PROJECT
OCCUPIED OR READY
FOR OCCUPANCY

Where a lender becomes mortgagee in possession or acquires title to a multiple unit project, it must take the necessary measures, as a prudent administrator, to:

- protect the property and the safety of the occupants
- maintain or improve the income stream of the project.

CMHC usually recommends that the lender enter into a property management contract with a private firm if such firms are operating in the area where the project is located. However, the lender also has the option to:

- have the Court appoint a Receiver to manage the project, or
- have the project administered by its own staff, conditions permitting.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Firms	1
		1990-10-01

INTRODUCTION

General information on property management firms follows.

USE OF FIRMS

CMHC recommends that a fee management firm be retained by the lender when the project goes into default. If a project is acquired with a fee manager in place, the firm should be retained for an interim period (3 - 6 months) until an assessment of the firm's performance may be made. When the assessment is completed, the firm may be retained on a contractual basis or terminated if determined necessary.

Where the lender decides to have its own staff administer the project, it will have the same responsibilities as those of a property management firm.

LENDER
RESPONSIBILITIES

Approved Lenders are responsible for the ongoing supervision of the property management firm and the contract, including:

- verification that buildings are being properly maintained
- inspections to confirm work and services being billed are actually performed to a satisfactory level
- reports on vacancies, revenues, expenses and arrears are correct
- investigations to establish that diligent efforts are being made on a regular basis to maximize revenue.

Note: For details on property management contracts, see 0308-04.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Firms	2
		1990-10-01

PROPERTY
MANAGEMENT
FIRM
RESPONSIBILITIES

The property management firm is responsible for:

- accounting for revenues and disbursements
- performing analysis on market rents and recommending and implementing rental increases

Note: Any changes to the rent structure must have the prior approval of the lender. Rental charges not in line with provincial controls or market must be approved by CMHC.

- marketing the units for rent
- maintaining records
- dealing with tenants' complaints
- on-site staffing
- supervising and collecting rents and arrears
- paying for services such as condominium/strata common expenses, utilities, security, housekeeping, groundskeeping, etc.

Note: The Property Manager must ensure that all bills are paid within the due dates.

- purchasing supplies and services
- developing an operating plan for protection and maintenance of property.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Contracts	1
		1990-10-01

INTRODUCTION

All property management firms engaged by the Approved Lender must enter into a formal property management contract with the lender.

The contract may be prepared on the property management firm's standard contract (CMHC will provide a sample contract upon request).

Note: The sample contract - Management Agreement, form CMHC 2775, is to be used for reference only and clauses contained within this Agreement are to be made mandatory. However, the lender must use its own form of contract and not form CMHC 2775.

For general information on property management firms, see 0308-03.

FEES

Normally, quotations on fees are:

- based on a percentage of gross monthly rental receipts which excludes:
 - uncollected rental arrears
 - vacancies
 - security deposits, or
 - revenue from concessionaire or owned equipment
- in accordance with rates which prevail locally.

The fees quoted must include all of the property management firm's costs, such as administration, office wages, on site office expenses, supplies, etc.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Contracts	2
		1990-10-01

FEES
(Cont'd)

However, if there are a large number of vacancies, it may be necessary for the lender to:

- pay a firm price up to a specified occupancy level after which the fee arrangement reverts to a percentage of gross collections
- pay a flat rent-up fee for renting a unit, based on the rates which prevail locally but not in excess of one month's rent
- carry out a rental campaign, furnish model suites and other associated items.

This is in accordance with the National Housing Loan Regulations.

TERM

The contract is not to exceed one year in duration. However, the contract may contain an option to renew clause for a further period of one year.

CANCELLATION
CLAUSE

The contract must contain a clause permitting cancellation:

- with 30 days notice by either party
- in the event of sale, major fire, bankruptcy or other cause such as structural problems requiring the evacuation of the tenants
- immediately in case of fraud.

REPAIR LIMITS

Except in emergency situations, the maximum allowable expenditure for any single repair may not exceed \$1000 without written approval from the lender.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Contracts	3
		1990-10-01

REPAIRS

The property management firm will obtain the lender's prior approval to utilize its own maintenance staff in the completion of building repairs and decorating. Charges for such staff will be competitive to similar services and costs by outside contractors or service companies.

TAXES

The lender must:

- remain responsible for the direct payment of municipal and school taxes for the project, and
- conduct regular reviews of assessment levies.

BONDING

Provision must be made to have the property management firm's employees bonded:

- with a company selected by the property management firm
- at no cost to the lender.

INSURANCE

Insurance coverage must be provided by the lender and not the property management firm, and should include:

- three quotations or bids to be obtained for insurance coverage annually. Where circumstances warrant an exception, CMHC approval is required.
- all risk property insurance
- public liability, and
- boiler and any other insurance coverage normally required for the management of a multiple unit project.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Contracts	4
		1990-10-01

INSURANCE
(Cont'd)

The property management firm must carry the following insurance coverage on its employees, at its own expense:

- theft insurance, and
- adequate errors and omissions insurance.

BUDGETS AND
RECORDS ACCESS

Annual operating and capital budgets for the project must be:

- prepared by the property management firm, and
- submitted to the lender for approval in a form prescribed by the lender.

The contract must provide for access:

- at any time during normal office hours by the lender
- to the management firm's records and books of account for the project.

DEPOSITS

Tenant deposits must be accounted for separately in a trust account. Interest on these deposits is to be calculated and paid at the rate and timing prescribed in the applicable provincial legislation.

ACCOUNTS AND
RECORDS

The property management firm must maintain a set of accounts and records on a cash basis, separate and apart from other properties owned, operated or managed by it.

CMHC MORTGAGE LOAN INSURANCE

Section PROPERTY MANAGEMENT	Subject Contracts	Page 5
		1990-10-01

MONTHLY SETTLEMENTS
AND STATEMENTS

The following items must be submitted to the lender:

- information on vacancies, tenant turnover and rental arrears must be received at the end of the first working day of each month
- monthly settlement statements showing details of receipts and disbursements for the preceding month must be received by the tenth of each month.

Note: The statement must be accompanied by the monthly settlement cheque or a request for reimbursement, as applicable. Lenders are expected to cover any cash shortfalls (which are recoverable as borrower's charges). Statements are to be submitted based on the same account identification and breakdown used by the lender.

MAJOR
RENOVATIONS

The following items are not the responsibility of the property management firm but continue to be the responsibility of the lender:

- major renovations
- structural changes
- major alterations or additions to the building.

This is in accordance with the National Housing Loan Regulations.

DISCLOSURE

The property management firm must disclose to the lender, in writing, all direct or indirect interests in all companies or firms supplying goods and services to the project. This disclosure must be made prior to ordering such goods or services.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PROPERTY MANAGEMENT	Contracts	6
		1990-10-01

SALES COMMISSION

The property management firm acknowledges and agrees with the lender in writing that:

- it is not engaged to act in the capacity of a real estate broker, and
- no claim or demand whatsoever in the nature of a real estate fee, commission or like remuneration can be made against the Corporation in the event the project is sold.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
LEGAL ACTION - GENERAL	Chapter Overview	1
		1998-05-08

INTRODUCTION

This Chapter outlines the legal action to be taken by the Approved Lender when a borrower defaults on a mortgage loan.

For details, refer to location numbers indicated.

LEGAL ACTION -
GENERAL

When a default occurs, the Approved Lender must initiate legal action and is responsible for the administration of rented properties, as required. Guidelines are outlined for considerations of appropriate legal action.

(0401-02)

CMHC reimburses the Approved Lender for legal fees and costs directly related to the acquisition of the property.

(0401-03)

Interim payment of a legal account for multiple unit projects is considered a borrower's charge. However, the final legal bill is subject to a full reassessment.

(0401-04)

If the Approved Lender is unable to sell the property, it may transfer title to CMHC.

(0401-05)

The Approved Lender will take a proactive role in working with the borrower in seeking acceptable solutions for the protection of security and maximization of revenue for the project.

(0401-06)

PURSUIT OF
COVENANT

Legal action can be taken against the personal/corporate covenants of the borrower and guarantor. Specific limitations are outlined.

(0402-01)

CMHC MORTGAGE LOAN INSURANCE

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QUIT CLAIMS/
VOLUNTARY TRANSFER
OF TITLE

A borrower can request settlement of a mortgage default by transferring title to the Approved Lender. The responsibilities of the borrower, Approved Lender and CMHC are provided.

(0403-01)

LEASING OF UNITS

This subject outlines the Approved Lender's responsibilities, as mortgagee, for home ownership and multiple unit properties.

(0404-01)

ENVIRONMENTAL
CONTAMINATION

This subject outlines the Approved Lender's responsibilities regarding environmental contamination for single and multiple properties.

(0405-01)

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

A mortgage may remain in default after other collection efforts have been unsuccessful. In this case, the Approved Lender has the responsibility, under the National Housing Loan Regulation 39.1, to pursue appropriate legal proceedings to realize on the security.

INITIATION

It is the Approved Lender's responsibility to initiate the legal action without advance reference to CMHC. However, under Regulation 39.1, CMHC has the right to direct the Approved Lender to begin legal proceedings. The failure of CMHC to direct the Approved Lender does not relieve the Approved Lender of his/her responsibility in this regard.

INCOME PRODUCING
PROPERTIES

For income producing properties, including single family units which are rented, the Approved Lender must promptly take the necessary steps to obtain the rents. This is in addition to initiating other types of legal action.

Note: The Approved Lender must consult with its solicitor to ensure that the most suitable type of action is taken.

ENVIRONMENTAL
CONTAMINATION

Approved Lenders are cautioned to consult with their legal counsel prior to initiating legal remedial actions whereby the Approved Lender may be deemed to be in ownership, in possession or occupation, or in management or control of the property as such involvement may result in environmental liability should the property be discovered to be contaminated.

For further instructions on this subject, Approved Lenders must proceed in accordance with IS 0405-01.

CMHC MORTGAGE LOAN INSURANCE

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ARREARS REPAYMENT

The negotiation of an arrears repayment program must be completed within the one and two month arrears period.

If an agreement is not reached by the two month stage (three payments due), legal action must begin immediately and not be delayed while the arrears repayment negotiation continues.

CONSIDERATIONS

The choice of legal remedy must be based on a competent assessment of facts and circumstances applicable in each individual case. In selecting the appropriate legal action, the Approved Lender must consider:

- the degree of cooperation likely to be obtained from the borrower
- the current worth of the borrower's or guarantor's covenant, if available
- the current estimated property value
- the costs in interest, maintenance and legal fees of each available option, and
- the existence and amounts of any encumbrances ranking prior to or after the mortgage.

SUGGESTED ACTION

To save time and expense to the Approved Lender and minimize loss to the Mortgage Insurance Fund, the Approved Lender may determine the best approach is as follows:

- obtain a market value sale to a third party other than CMHC, and
- prepare a deficiency settlement claim if there remains a loss (see 0304-01).

CMHC MORTGAGE LOAN INSURANCE

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FINAL ORDER OF
FORECLOSURE

Where foreclosure proceedings have been instituted, an Approved Lender shall apply for a final order of foreclosure and for possession of the mortgaged property. Such application should occur at the earliest date that the Approved Lender is entitled in law or within such longer period as is approved by the Corporation.

Notwithstanding the above, an Approved Lender may, after foreclosure proceedings have been instituted but before a final order of foreclosure has been obtained either:

- discontinue the action if costs and all payments in arrears are paid, or
- with the approval of the Corporation postpone or discontinue the action if the borrower has made satisfactory arrangements to remedy the default.

ASSIGNMENT OF
ADDITIONAL
SECURITY

It is a requirement under the National Housing Act section 14.1 that any outstanding right to or in the loan or any security therefore is to be transferred to CMHC. Approved Lenders are requested to submit duly executed and registerable assignments, where applicable, with form CMHC 1046.

CMHC MORTGAGE LOAN INSURANCE

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LEGAL ACTION - GENERAL	Legal Fees and Costs	1
		1990-10-01

INTRODUCTION

This subject details the Approved Lender's cost that are reimbursed by CMHC and CMHC's position regarding legal fees.

CRITERIA FOR
REIMBURSEMENT

The Approved Lender is reimbursed for reasonable and appropriate amounts of legal costs and acquisition, as approved by CMHC.

The Approved Lender is not reimbursed for costs such as:

- correcting title defects predating its mortgage
- defective acquisition proceedings, administrative matters or services that are not related to the acquisition of title.

TAXATION OF LEGAL
STATEMENT

CMHC pays the legal costs relating to the acquisition which it deems reasonable and appropriate or may request the Approved Lender to proceed with and have the legal statement of account taxed.

Where CMHC requests the taxation, the following conditions are in effect:

- CMHC will attend at such taxation
- Lender will not take any step/stand that may be contrary to CMHC's position

In cases where the account is substantially reduced, CMHC may request reimbursement of all or part of the costs of taxing the account.

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

Pursuant to NHA Section 14.5(1)(b)(iii) to (iv) and NHL Regulation 42.1, CMHC recognizes an interim legal account paid by the lender as a borrower's charge, providing certain conditions are met.

CRITERIA

A borrower's charge is recognized by CMHC when the following conditions are met:

- the insured loan is for three units or more
- the legal proceedings have extended beyond six months from commencement of formal legal action, and
- only one interim legal account is paid on an insured loan.

INTEREST EARNED

For claims purposes, the amount of any such interim legal account paid, bears interest at the mortgage interest rate from the date of payment.

ASSESSMENT OF
TOTAL LEGAL BILL

Although an interim payment is made on a legal account, a full assessment may be made on the total legal bill, upon receipt of the final bill.

CMHC MORTGAGE LOAN INSURANCE

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LEGAL ACTION - GENERAL	Abortive Power of Sale Action	1
		1998-05-08

INTRODUCTION

CMHC allows a conveyance of title to CMHC where the Approved Lender:

- is unable to sell the property through listing, public auction, **sale by agreement**, **call** for tenders, etc., or
- has acquired title to a property through foreclosure action, Quit Claim or other legal proceedings and attempts to sell the property have been unsuccessful.

Responsibility for the legal terms and conditions of the conveyance of the title rests with the Approved Lender.

EXERCISE OF POWER
OF SALE

The Approved Lender transmits the title to CMHC through an exercise of Power of Sale (except in the Province of Quebec), providing the title is acceptable in all other respects.

STATEMENT OF
DEFICIENCY CLAIM

The Approved Lender may proceed to file a claim with transfer of title to CMHC under its policy of mortgage loan insurance.

In addition to the Power of Sale enclosures listed at 0502-02 required by the Statement of Deficiency Claim under NHA Mortgage Loan Insurance, the following documents must accompany the claim:

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

STATEMENT OF
DEFICIENCY CLAIM
(Cont'd)

TYPE OF ACTION	DOCUMENTS REQUIRED	DATE TITLE IS ACQUIRED
Power of Sale with listing with real estate firm	<ul style="list-style-type: none"> - Copy of listing agree- ment with realtor - Letter from realtor stating either that no formal offer to pur- chase was received, or confirming to amounts of formal offers receiv- ed and declined 	At expiry of the listing period
Power of Sale with public auction	<ul style="list-style-type: none"> - Affidavit disclosing date the sale aborted 	Date the auction aborted
Power of Sale without listing or public auction	<ul style="list-style-type: none"> - Copy of Notice of Power of Sale - Copy of letter of direction from CMHC Branch Manager 	Date of expiry of Notice or date of letter of direc- tion, whichever is the latter

WHEN LENDER IS
UNABLE TO SELL
THE PROPERTY

The lender may file a claim under the Mortgage Loan Insurance Policy, with conveyance of title to CMHC, using Statement of Claim under NHA Mortgage Insurance, Form CMHC 1046.

Note: Documentation is completed as outlined on the form.

CMHC MORTGAGE LOAN INSURANCE

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LEGAL ACTION - GENERAL	Abortive Power of Sale Action	3
		1990-10-01

WHEN LENDER IS
UNABLE TO SELL
THE PROPERTY
(Cont'd)

If approved in writing by CMHC, the claim must be filed within 45 days or longer, from the date:

- the lender is deemed to have acquired title, or
- CMHC has agreed that no further attempts should be made to sell the property.

The claim documentation/conveyance of title is sent within the prescribed time frame to:

Director
Mortgage Insurance Operations Centre
Canada Mortgage and Housing Corporation
National Office
682 Montreal Road
Ottawa, Ontario K1A 0P7

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
LEGAL ACTION - GENERAL	Role of Approved Lender During Legal Action/In Possession Prior to Claim Filing - Multiple Projects	1
		1991-12-03

INTRODUCTION

During the course of any type of legal action or where the Approved Lender is in possession of the property prior to claim filing, the Approved Lender is expected to be prudent in fulfilling its responsibility.

ROLES

The Approved Lender will take a proactive role in working with the borrower in seeking acceptable solutions for the protection of security and maximization of revenue from the project. CMHC may be consulted for guidance in resolving default situations, evaluating workout alternatives as well as issues relating to project management, acquisition and/or sale of the project.

LEGAL ACTION

The Approved Lender will:

- pursue legal proceedings in a timely and effective manner in order to realize on the security;
- commence legal proceedings when the mortgage is three months in arrears (i.e. two months and one day have passed since the non-payment commenced) or when so instructed by CMHC. The Approved Lender may become a mortgagee in possession and attorn the rents or obtain a receiver/manager for the project when the mortgage is in default for the equivalent of three monthly installments (of principal, interest and taxes) or when the Approved Lender is aware that mortgage payments will not be made or at the initiation of the legal action, whichever is earlier; and
- obtain deficiency judgment against defaulting borrower(s) where provincial law permits and where it is financially appropriate unless otherwise advised by CMHC.

CMHC MORTGAGE LOAN INSURANCE

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PROJECT MANAGEMENT

Where an Approved Lender becomes a mortgagee in possession the Approved Lender is expected to make every effort as a prudent administrator to maximize the revenue, manage the property and protect the physical structure. A mortgagee in possession is accountable for prudent administration of the project. Failing to do so could result in the borrower and/or subsequent encumbrances taking legal action against the mortgagee in possession for imprudently administering the property.

Listed below are some key areas of responsibility:

- Collect all rental, security deposits and other income when due and pay all bills when due and at such times that any available discount/rebate will be secured for the benefit of the project.
- Ensure provision for necessary insurance risks and coverages.
- Ensure adequate janitorial and maintenance staff are in place for efficient operation and management to produce maximum benefits and optimize the net operating income. Additionally, it must be ensured that the project is being maintained in accordance with established property management practices and adherence to all federal, provincial and municipal laws.
- Maintain all life support systems and make health, fire and safety emergency repairs as may be required from time to time.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
LEGAL ACTION - GENERAL	Role of Approved Lender During Legal Action/In Possession Prior to Claim Filing - Multiple Projects	3
		1991-12-03

PROJECT MANAGEMENT
(Cont'd)

- Enter into lease agreements on behalf of the owner and advertise for rent any vacancies in the project.
- Purchase all supplies and maintain inventory control of all supplies, chattels, etc.
- Negotiate service and maintenance contracts. Contracts are to be obtained on a competitive basis, for a term not exceeding one year.
- Preparation of reports and maintenance of records regarding the number of units occupied;
 - vacancy number and type of vacancies coming up;
 - number of tenants in arrears by name and amount owing; and
 - action being taken to collect.

CMHC MORTGAGE LOAN INSURANCE

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PURSUIT OF COVENANT	Overview	1
		1998-05-08

INTRODUCTION

This Section describes the pursuit of covenant which is the legal action taken against the personal covenant of the current (and where appropriate) previous borrower.

For details, refer to location numbers indicated.

FOR PAYMENT -
HOMEOWNERS

Judgment is made for the full amount of the outstanding loan. The borrower(s)/guarantor(s) involved must be notified in writing prior to taking legal action.

(0402-02)

RENTAL

Judgment is made for the full amount permitted by law. A Report of Loans in Arrears, form CMHC 987, will initiate early project analysis.

(0402-03)

EXCEPTIONS

In many instances, the pursuit of covenant for payment may not be made in the Province of Saskatchewan. Potential sale to a third party may also create exceptions, or where the cost of obtaining judgment may be prohibitive relative to the probable dollar recovery.

(0402-04)

APPROVED LENDER'S
COMPLIANCE

The Approved Lender must play an active role in the judgment action. Notification to CMHC is essential.

(0402-05)

TIME LIMITATIONS
FOR PERSONAL
COVENANTS

Statute Time Limitations for personal covenants with particular reference to the province of British Columbia are outlined.

(0402-06)

CLAIM PROCESS

This Subject outlines the processing of the claim with CMHC and allocation of the settlement amount.

(0402-07)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PURSUIT OF COVENANT	Overview	2
		1991-08-19

PROPOSALS FOR
SETTLEMENT

Settlement can be made at any time prior to completion of legal action. The Approved Lender must be aware of this possibility throughout the proceedings.

(0402-08)

CMHC MORTGAGE LOAN INSURANCE

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PURSUIT OF COVENANT	For Payment - Homeowners	1
		2000-07-07

INTRODUCTION

When legally feasible, Approved Lenders are to seek a judgment:

- where the loan was a bona fide home ownership loan
- in addition to realizing on the security.

For exceptions, see 0402-04.

SEEKING JUDGMENT

Judgment must:

- be for the total amount legally recoverable, and
- survive sale or transfer of title to the mortgaged property (i.e., the judgment must remain in effect).

The judgment should be sought against the following:

- the owners at the time of default
- any subsequent owners
- owners within 12 months preceding the default (see 0402-04 for exceptions), and
- any guarantors.

PRIOR TO PROCEEDINGS

The Approved Lender must make clear, in writing to all such persons identified above, that its intentions are:

- to pursue them for payment, and
- to proceed with legal action regarding the mortgaged property.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PURSUIT OF COVENANT	Rental	1
		1998-05-08

INTRODUCTION

In addition to realizing on the mortgage security, Approved Lenders are required, to the extent permitted by law, to obtain judgment under the corporate covenant, personal covenant and/or personal guarantees of a borrower on rental properties in default.

For exceptions, see 0402-04.

SEEKING JUDGMENT

Judgment must:

- be for the total amount legally recoverable, and
- survive sale or transfer of title to the mortgaged property (i.e., the judgment must remain in effect).

The judgment should be sought against the following:

- the covenants of the principal shareholders when the borrower is a shell company (i.e. a company whose main assets are represented by the projects) and/or, if applicable, the covenant of the parent company (where the covenants have been given at the loan advancing stage);
- any subsequent owners;
- any guarantors;
- any other party legally entitled to be proceeded against;
- any additional individuals as required by the Request - Certificate of Insurance (Rental/Condominium/Investor/Social Housing) form CMHC 530B.

PRIOR TO
PROCEEDINGS

For multiple projects in financial difficulty, Approved Lenders are to report the arrears situation and advise CMHC as outlined in IS 0305-03.

CMHC MORTGAGE LOAN INSURANCE

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		1998-05-08

IN-DEPTH ANALYSIS
BY CMHC

The Report of Loans in Arrears, form CMHC 987 for multiple projects in arrears will initiate an early project analysis by CMHC and the Approved Lender. The purposes of the analysis are to:

- achieve a detailed in-depth review of all aspects relating to the physical, financial and operational aspects of the project;
- minimize the financial impact on the Mortgage Insurance Fund where a deficiency settlement claim or property acquisition method is inevitable and in the Mortgage Insurance Fund's best interest.

An important consideration in the comprehensive project analysis will be the assessment of personal and corporate covenant/guarantee of the borrower.

CMHC MORTGAGE LOAN INSURANCE

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PURSUIT OF COVENANT	Exceptions	1
		2000-07-07

INTRODUCTION

Details follow regarding exceptions to the pursuit of covenant for payment - homeowners and rental projects.

PROVINCE OF
SASKATCHEWAN
(HOMEOWNERS)

According to the Limitation of Civil Rights Act of Saskatchewan, Subsection 2(1) (as amended), where the mortgagor is an individual, the Approved Lender's right to recover the balance due under the mortgage is restricted to the mortgaged land.

If the purpose of the money borrowed was to refinance an existing loan (i.e. take out mortgage), the above restriction does not apply and the Approved Lender can enforce the borrower's personal covenant. Accordingly, Approved Lenders must ascertain the purpose of the mortgage loan prior to initiating legal proceedings including whether or not to sue on the mortgagor's personal covenant. Exceptions not to seek judgment on the covenant on refinanced loans must be approved by CMHC (Director, Insurance Servicing Division).

PREVIOUS OWNERS
(HOMEOWNERS)

An action for payment shall not be pursued against owners:

- who sold the property more than 12 months preceding the default.
- who sold their property within 12 months preceding the default where the new mortgagor was qualified by the Approved Lender.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PURSUIT OF COVENANT	Exceptions	2
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OTHER EXCEPTIONS
(RENTAL PROJECTS)

The cost of obtaining judgment may be prohibitive relative to the probable dollar recovery. In this case, exceptions to the requirement to seek judgment for payment must be approved by CMHC (Director, Insurance Servicing Division).

SALE OF PROPERTY
TO THIRD PARTY
(HOMEOWNERS)

In some cases, the exceptions described above do not apply to the judgment for payment.

Where other exceptions do not apply, and the only practicable procedure which will permit a judgment for payment to survive is for CMHC or some other third party to bid on and purchase the mortgaged property at the formal mortgage sale, but the approach of a sale to a third party other than CMHC with a claim for a deficiency settlement is unsuccessful or undesirable, the Approved Lender should consult with CMHC (Director, Insurance Servicing Division).

CMHC MORTGAGE LOAN INSURANCE

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PURSUIT OF COVENANT	Lender's Compliance	1
		1991-08-19

INTRODUCTION

The Approved Lender must actively participate in the legal action where a judgment is required.

RESPONSIBILITIES

The Approved Lender is expected to:

- obtain reliable information through credit reports, financial recovery reports, etc., and
- establish financial standing of the borrower and/or covenantors, guarantors and property value.

NOTIFICATION TO CMHC

The Approved Lender must report to CMHC that the responsibilities described above have been met.

For legal reasons, the Approved Lender may be forced to make a decision, or for other reasons as previously stated, it may appear appropriate to consider an exception before or during the course of proceedings. In either case, the Approved Lender must provide CMHC with the following information before irrevocably committing itself:

- the significant facts
- any legal basis for having to make the decision
- the latest point at which the decision must be made
- the decision intended to be made
- the reasons for and against the intended decision, and
- a request for approval from CMHC (Director, Mortgage Insurance Operations Centre).

CMHC MORTGAGE LOAN INSURANCE

Section PURSUIT OF COVENANT	Subject Time Limitations for Personal Covenants	Page 1 1990-10-01
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INTRODUCTION

This Subject indicates the statute time limitations for personal covenants with particular reference to the province of British Columbia.

ALL PROVINCES

CMHC does not provide specific instructions to Approved Lenders relating to laws affecting real property. Approved Lenders are responsible for adhering to provincial statute limitations to ensure that mortgagors are not inadvertently released from their covenants unless the new purchasers have been approved.

Approved Lenders are advised to review legislation in other provinces similar to that outlined below for British Columbia to ensure that effective policies and procedures are in place to deal with sales and the release of personal covenants.

BRITISH COLUMBIA

The Law Reform Amendment Act of British Columbia (Bill 27) was amended and states, in part:

- "A person who transfers land subject to a "residential mortgage" or assigns the right to purchase under a "residential agreement for sale", will not be liable under the personal covenant following three months after the existing terms has expired unless the mortgagee makes a demand for full payment of the sum secured (outstanding principal balance)."

CMHC MORTGAGE LOAN INSURANCE

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BRITISH COLUMBIA
(Cont'd)

- "A person who transfers land subject to a "demand residential mortgage" or assigns the right to purchase under a "demand residential agreement for sale" will not be liable under the personal covenant provided three months notice of sale has been given to the Approved Lender, unless the lender makes demand for payment within that time."

The mortgagor or purchaser, under an agreement for sale, has to request the mortgagee or vendor approval of the transaction within three months of the transfer or assignment.

Note: Approval by the mortgagee or vendor under a residential agreement for sale has the effect of extinguishing or releasing the existing purchaser's or mortgagor's personal covenant.

The Approved Lender may require a reasonable fee and documentation from the new purchaser and may not unreasonably withhold or grant approval.

The Approved Lender may proceed directly against the current owner on the covenant as though the current owner was the original mortgagor, within exceptions specified by the statute.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
PURSUIT OF COVENANT	Claim Process	1
		1991-08-19

INTRODUCTION

This Subject outlines the procedure required when submitting a claim for payment and the assignment of a judgment.

PREPARATION AND
SUBMISSION

The judgment is assigned to CMHC as part of the loan insurance claim process. The judgment and draft assignment are forwarded to CMHC with all other required claim documentation.

Note: When title is transferred to CMHC, the assignment of judgment is delivered to CMHC at the same time.

The Approved Lender must seek judgment promptly and efficiently. This allows, in all but very exceptional cases, judgment to be obtained and assigned to CMHC without any delay in processing of the claim, under the loan insurance policies.

DISTRIBUTION OF
FUNDS

In some provinces, the price paid by CMHC for the property must be credited in consideration of the judgment. As a result, the total insurance claim payment is distributed so that:

- the price paid for the property is the market value, and
- the balance of the proceeds pays for the assignment of the judgment.

PROVINCIAL
RESTRICTIONS

In some provinces, payment of the Approved Lender's insurance claims involves a transfer of title to CMHC and judgment may be delayed.

CMHC MORTGAGE LOAN INSURANCE

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QUIT CLAIMS/VOLUNTARY TRANSFER OF TITLE	Overview	1
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INTRODUCTION

This Section deals with Quit Claims/Voluntary Transfer of Title which gives the borrower the option to transfer the title of a property to CMHC when the loan is in default.

For details, refer to the location numbers indicated.

GENERAL

The responsibilities of the borrower and lender are outlined regarding acceptance of a Quit Claim.

(0403-02)

APPROVAL
REQUIREMENTS

CMHC must give prior approval to the lender when a Quit Claim is to be filed. The lender must ensure all criteria outlined in this Subject are met.

(0403-03)

CONDOMINIUM/
STRATA UNITS

Where a Quit Claim is filed for condominium or strata units, the lender must provide written information to CMHC as to their status, including lease/rental/purchase arrangements with the occupants.

(0403-04)

QUIT CLAIMS BY
THE BORROWER
(SINGLES)

Recent amendments to the National Housing Act now provide the Manager of the local CMHC office to accept a Quit Claim directly from the borrower.

(0403-05)

CMHC MORTGAGE LOAN INSURANCE

Section QUIT CLAIMS/VOLUNTARY TRANSFER OF TITLE	Subject General	Page 1 1990-10-01
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INTRODUCTION

The lender's responsibilities for acceptance of Voluntary Transfer of Title - Quit Claims are described below.

ACCEPTANCE

Each request for Voluntary Transfer of Title - Quit Claim is considered on its own merit.

A decision by the lender to accept this type of claim must be based on careful consideration of the circumstances.

The Quit Claim is not to be automatically accepted if a claim on the Mortgage Insurance Fund (MIF) is to be made.

OWNER'S OBLIGATION

To limit use of the Voluntary Transfer of Title - Quit Claim, the house or single unit owner must do his/her utmost to retain or dispose of the property through his/her own resources.

ASSESSMENT OF
BORROWER'S ABILITY
TO PAY

A Voluntary Transfer is not accepted:

- to relieve mortgagor from liability as a convenience to the mortgagor when it has not been firmly established that he/she lacks the capacity to make the mortgage payments, or
- when it is reasonable to believe that the action will encourage others in the community to default on their mortgage payments.

FORFEIT OF RIGHT
TO NHA LOANS

The lender must inform a borrower who offers Quit Claims that the borrower forfeits his/her rights to further NHA loans for a period of two years.

CMHC MORTGAGE LOAN INSURANCE

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FORFEIT OF RIGHT
TO NHA LOANS
(Cont'd)

When a lender is aware that a borrower has given a Quit Claim within the preceding two year period, the lender is encouraged not to make a loan.

VACANT POSSESSION
OF PROPERTY

The lender must:

- make suitable arrangements to obtain possession of the vacant property in the deed of voluntary conveyance, and
- ensure that the occupant of a property meets the requirements of the National Housing Loan Regulations if a claim on the MIF is to be made.

For an income producing property, vacant possession is not required.

For a single family dwelling, vacant possession is required for the eventual disposal of the property.

CMHC MORTGAGE LOAN INSURANCE

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		1990-10-01

INTRODUCTION

This Subject defines CMHC's requirements when a Voluntary Transfer of Title - Quit Claim is requested.

CLEAR AND MARKETABLE
TITLE

A prerequisite for accepting a Quit Claim is clear and marketable title of the property.

COMMON LAW PROVINCES

Written approval from the local CMHC office must be obtained prior to the lender's acceptance of a Voluntary Transfer - Quit Claim.

Each request for acceptance of a quit claim must be supported by the lender's:

- certification that the title is clear and marketable, and
- recommendations and reasons for such recommendations.

If a claim on the Mortgage Insurance Fund is made, a copy of the approval letter must be included with the documentation.

PROVINCE OF QUEBEC

Written approval from the local CMHC office must be obtained prior to the lender's acceptance of a Voluntary Transfer - Quit Claim.

Note: Prior approval of CMHC is not required where the lender wishes to register a 60 day notice to process a "Dation en Paiement", which may become voluntary from the borrower.

CMHC MORTGAGE LOAN INSURANCE

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OTHER ASSETS
HELD BY BORROWER

In some cases, a mortgagor who requests a Voluntary Transfer - Quit Claim may have other assets.

The request for authorization of the quit claim is submitted to the local CMHC office and must include the following:

- the reason for default
- collection aid report
- statement of assets owned by the mortgagor other than the mortgaged property
- the disposition being made on income from such assets, and
- any other information which might help in the proper consideration of the request.

CMHC APPROVAL

CMHC considers approving a Voluntary Transfer under the following conditions:

- in cases of serious default and/or abandonment of the property
- where it is established that the borrower is unable to make further mortgage payments, and
- where it is in the interest of the Mortgage Insurance Fund to accept a voluntary transfer of title rather than begin another type of legal action which would increase the cost of acquisition.

CMHC MORTGAGE LOAN INSURANCE

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CMHC SECOND MORTGAGE

Where a property relating to an assistance loan (Assisted Rental Program/Canada Rental Supply Plan) is encumbered by a second mortgage, written approval from the local CMHC office must be obtained prior to the lender's acceptance of a Voluntary Transfer - Quit Claim.

Such approval is conditional on the filing of a claim on the Mortgage Insurance Fund. When obtained, this approval must be submitted with the Quit Claim documentation.

A discharge of the second mortgage is not required.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUIT CLAIMS/VOLUNTARY TRANSFER OF TITLE	Condominium/Strata Units	1
		1990-10-01

INTRODUCTION

The lender's acceptance of a Quit Claim from a Developer/Declarant for condominium or strata units are subject to certain restrictions in relation to types of units and occupancy arrangements.

PRIOR TO ACCEPTING
QUIT CLAIM FROM THE
DEVELOPER/DECLARANT

Where clear and marketable title can be obtained, the lender must obtain from the borrower, a full report with respect to units, including:

- occupancy arrangements, and
- all related documents.

Where a unit is committed by arrangements other than by lease, the borrower must:

- arrange with the occupant to formally terminate such an arrangement in writing, and
- provide proof of the new arrangement to the lender.

Note: A lease is subject to the usual landlord/tenant legislation. No other arrangements are necessary.

OCCUPANT'S/
PURCHASER'S RIGHTS

Where the borrower terminates the rights of the occupant's/purchaser's, the lender must ensure that the evidence submitted by the Developer/Declarant is satisfactory.

If the borrower does not terminate the occupant's/purchaser's rights, the lender must not accept a Quit Claim. Instead, the lender must proceed either by foreclosure or Power of Sale.

CMHC MORTGAGE LOAN INSURANCE

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ARRANGEMENTS TO BE
TERMINATED

The following types of arrangements must be terminated:

- Agreement to purchase and sale
- Supplementary occupancy agreements pertaining to purchase or sale
- Informal occupancy agreements whether documented or otherwise, and
- Lease with option to purchase provision.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUIT CLAIMS/VOLUNTARY TRANSFER OF TITLE	Quit Claims by the Borrower (Singles)	1
		1990-10-01

INTRODUCTION

Prior to recent amendments to the National Housing Act, CMHC Quit Claim policy has involved the lender, after meeting CMHC approval requirements, accepting a Quit Claim or Voluntary Transfer of Title from a borrower.

The amendments to the National Housing Act now provide the Manager of the local CMHC office with the ability to accept a Quit Claim directly from the borrower.

GENERAL CRITERIA

CMHC would normally consider this arrangement in circumstances where:

- the property is not marketable and
- the lender reasonably could not anticipate a deficiency settlement claim, and
- either the borrower's personal covenant is not worth pursuing or the borrower is willing to make an acceptable payment.

LENDER
CERTIFICATION

Under this arrangement the lender would be expected to certify that, following a complete assessment of the borrower's ability to pay, the borrower lacks the capacity to make mortgage payments and therefore an exception to the pursuit of the covenant policy should be approved.

The lender's recommendation and rationale for the Quit Claim recommendation are also to be provided to the Manager of the local CMHC Office.

The arrangement, moreover, may involve some payment by the borrower or a consent judgment against the borrower, depending on the circumstances.

CMHC MORTGAGE LOAN INSURANCE

Section QUIT CLAIMS/VOLUNTARY TRANSFER OF TITLE	Subject Quit Claims by the Borrower (Singles)	Page 2 1990-10-01
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CMHC APPROVAL

The Manager of the local CMHC Office, following approval by the Director, Mortgage Insurance Operations Centre of the proposed payment arrangement or the decision not to pursue the borrower's personal covenant, is to advise the lender where circumstances warrant, that a Quit Claim or Voluntary Transfer of Title may be accepted from the borrower.

The lender would then proceed in the normal manner to file its claim under the Mortgage Insurance Fund.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
LEASING OF UNITS	Home Ownership Properties	1
		1990-10-01

INTRODUCTION

Details follow regarding the leasing of units for home ownership properties.

VACANT PROPERTY

The lender must not make efforts to rent houses or scattered units in condominium/strata projects. It is more feasible for CMHC, after conveyance of title from the lender, to dispose of such properties when vacant.

OCCUPIED PROPERTY

Property may be occupied by a person acceptable under National Housing Loan Regulation 45 when the lender becomes mortgagee in possession or acquires title to the property. For the conditions that apply in this case, see 0404-02.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
LEASING OF UNITS	Multiple Unit Projects	1
		1990-10-01

INTRODUCTION

Details follow regarding the lender's responsibilities when it becomes mortgagee of multiple unit projects.

ADMINISTRATION

These actions are determined as necessary for the reasonable care and prudence in the administration of an insured loan as referred to in National Housing Loan Regulation 48.

SITUATION

A lender may become mortgagee in possession or acquire title to:

- a multiple unit rental project, or
- a large number or the majority of the units in a condominium/strata project.

In this case, the lender must endeavour to maximize the revenue of such projects.

Where applicable, leasing of units must be carried out diligently.

LEASE/RENT

The lender must consult the local CMHC office regarding the terms of the lease and monthly rent.

The lease must not exceed one year and must not contain an option to renew.

Market rent should usually be charged.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
ENVIRONMENTAL CONTAMINATION	Single Properties and Multiple Projects	1
		1996-07-09

INTRODUCTION

Details follow regarding Approved Lender actions to be taken, and Approved Lender responsibilities concerning environmental contamination.

PROVINCIAL
LEGISLATION

Provincial legislation in some provinces would permit environmental remediation costs to be added to the tax rolls. If incurred, such costs would gain a priority over previously registered encumbrances. This special or statutory lien takes precedence over the insured mortgage and clearly threatens the value of the security.

In other provinces and territories, remediation costs incurred by the provincial or territorial environmental authority may be secured by a judgment for the debt. While the judgment may not have priority over the insured mortgage, the potential magnitude of the remediation costs relating to the contamination and the judgment may impair the marketability of the property.

APPROVED LENDER
RESPONSIBILITY
AFTER LOAN
COMMITMENT

It is the Approved Lender's responsibility to know the applicable provincial law relating to environmental contamination and to avoid taking any action where the Approved Lender may be deemed or held to be an owner, in possession or occupation or in management or control of the property.

When an insured loan involving more than six units is in default, prior to taking any legal remedial action or any action such as attorning the rents or appointing a receiver/trustee or property management firm, Approved Lenders are expected to seek legal counsel. Approved Lenders are also required to obtain a **Phase I** environmental site assessment (ESA), in accordance with the Canadian Standards Association (CSA) standard Z768, where a multiple project contains more than six units.

CMHC MORTGAGE LOAN INSURANCE

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ENVIRONMENTAL CONTAMINATION	Single Properties and Multiple Projects	2
		1996-07-09

APPROVED LENDER
RESPONSIBILITY
AFTER LOAN
COMMITMENT
(cont'd)

The Approved Lender may be requested to provide a copy of the Phase I ESA report, to the applicable CMHC Branch Office prior to or at the time of final inspection, where CMHC will acquire title to the subject property.

Note: Copies of the CSA document Z768 may be purchased from the Canadian Standards Association at:

178 Rexdale Blvd.
Rexdale, Ontario M9W 1R3
Telephone: (416) 747-4044
Fax: (416) 747-4149

Where default occurs and environmental contamination is known to exist in a property, Approved Lenders must notify the Director, Mortgage Insurance Operations Centre and provide details as required below as well as their recommendations.

Approved Lenders may proceed in the normal manner to acquire title or attempt to sell the property only if the environmental assessment determines that there are no indications of contamination.

APPROVED LENDER
REPORTING
REQUIREMENTS
- SIX OR FEWER
UNITS

For single family dwellings or multiple projects of six units or **less** in default, Approved Lenders are to notify the Director, Mortgage Insurance Operations Centre immediately if it is known that the property is environmentally contaminated. The following information must be provided:

- CMHC Reference Number and Approved Lender Reference Number;
- details of all encumbrances (mortgages, liens, etc.) registered on title;
- details of any work orders or liens or judgment registered by the provincial Ministry of the Environment or other provincial authority;

CMHC MORTGAGE LOAN INSURANCE

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APPROVED LENDER
REPORTING
REQUIREMENTS
- SIX OR FEWER
UNITS
(Cont'd)

- details of the borrower including:
 - . credit report obtained;
 - . assessment of the strength of the borrower's covenant;
 - . borrower's willingness to retain ownership;
- details of the property including:
 - . source of the contamination;
 - . market value estimate by the Approved Lender; "as is" and "as is improved" estimates;
 - . other properties affected if the problem is one of migration to or from the property;
 - . estimate of property equity;
- details on the borrower's insurance policy and the Approved Lender's insurance policy where protection has been purchased for clean-up of environmental contaminants;
- details of any communication with the environmental authorities to limit the Approved Lender's exposure or liability;
- details of the environmental site assessments or engineering audits obtained;
- Approved Lender recommendation regarding
 - . legal action to be taken or already initiated
 - . remediation costs and program to be undertaken
- any other relevant information that CMHC should be made aware of.

APPROVED LENDER
REPORTING
REQUIREMENTS
OVER SIX UNITS

For income-producing properties (multiple projects over six units) in default where the **Phase I** environmental **site** assessment report concludes that the property is contaminated, the following information must be reported to the Director, Mortgage Insurance Operations Centre:

- information as required to be reported for single family dwellings or multiple projects of six units or less as outlined above;
- project cause of default;
- other capital repairs required;
- names of any previous property owners;

CMHC MORTGAGE LOAN INSURANCE

Section ENVIRONMENTAL CONTAMINATION	Subject Single Properties and Multiple Projects	Page 4 1996-07-09
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APPROVED LENDER
REPORTING
REQUIREMENTS
OVER SIX UNITS
(Cont'd)

- project financial statements as provided by the borrower; and
- Approved Lender recommendation regarding
 - . legal action to be taken or already initiated
 - . remediation costs and program to be undertaken
 - . action to contain the contamination versus remediation action, if applicable.

Upon receipt of the above information, the Director, Mortgage Insurance Operations Centre will give appropriate guidance and direction to the Approved Lender.

BORROWER'S CHARGES

Under Regulation 47, Approved Lenders will be reimbursed for borrower's charges if "they are disbursed in accordance with the terms of the mortgage to safeguard the interests of the mortgagee and the Corporation" and if they are approved by CMHC in writing.

Reasonable costs for the obtaining of mandatory environmental site assessment reports, which the Approved Lender will incur in order to comply with policy directions, will not require the prior approval of CMHC.

However, the following disbursements will require the prior approval of the Director, Mortgage Insurance Operations Centre:

- environmental remediation costs;
- legal costs relating to environmental Ministry agreements to limit Approved Lender's liability;
- other reasonable charges as befitting the fact situation.

ENVIRONMENTAL
ASSESSOR'S
QUALIFICATIONS

Approved Lenders must take care in selecting individuals or firms used to complete an environmental site assessment and in ensuring that the requirements for environmental site assessments have been met. For further details, refer to section 3.4 of the CSA standard Z768.

CMHC MORTGAGE LOAN INSURANCE

Section ENVIRONMENTAL CONTAMINATION	Subject Single Properties and Multiple Projects	Page 5
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ENVIRONMENTAL
ASSESSOR'S
QUALIFICATIONS
(Cont'd)

In addition, CMHC requires the assessor to carry errors and omissions insurance (or professional liability insurance) which covers liabilities associated with environmental site assessment activities.

APPROVED LENDER
REPORTING
REQUIREMENTS
- STORAGE TANKS

Approved Lenders are to ensure that the Register - Underground and Aboveground Storage Tanks Containing Petroleum Products, form CMHC 3018, is completed by the environmental assessor conducting the required Phase I environmental site assessment where an NHA-insured multiple residential project over six units is in default and has the following:

- aboveground storage tanks for petroleum products (AST's) having a single or total capacity of more than 4,000 litres; and/or
- underground storage tanks for petroleum products (UST's) having a capacity in excess of 230 litres.

Upon its completion, form CMHC 3018 is to be forwarded by the Approved Lender to the Director, Mortgage Insurance Operations Centre, CMHC National Office. A form CMHC 3018 is to be completed for each storage tank of the size identified above.

Where the underground/aboveground storage tank systems are not in compliance with the Technical Guidelines for Underground/Aboveground Storage Tank Systems Containing Petroleum Products on Federal Lands made pursuant to Section 53 of the Canadian Environmental Protection Act (CEPA), and do not meet the Environmental Codes of Practice for Underground/Aboveground Storage Tank Systems Containing Petroleum Products, as published by the Canadian Council of Ministers of the Environment (CCME), the environmental assessor is to provide a full report, along with form CMHC 3018.

The report is to itemize the deficiencies, and provide recommendations, as well as an estimate of costs, and deadlines for corrective actions.

CMHC MORTGAGE LOAN INSURANCE

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ENVIRONMENTAL CONTAMINATION	Single Properties and Multiple Projects	6
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APPROVED LENDER
REPORTING
REQUIREMENTS
- STORAGE TANKS
(Cont'd)

The report must address the following
deficiencies relating to:

- environmental technical guidelines/codes;
- the National Fire Code, latest edition; and
- the CSA standard B139 - Installation Code for Oil Burning Equipment, latest edition, where applicable.

Reasonable costs to address environmental technical guidelines/code deficiencies must be approved by the Director, Mortgage Insurance Operations Centre, CMHC National Office.

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CMHC MORTGAGE LOAN INSURANCE

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CLAIMS - GENERAL	Chapter Overview	1
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INTRODUCTION

This Chapter deals with the claims which are made against the Mortgage Insurance Fund when a borrower defaults on a mortgage and the lender takes remedial action.

For details, refer to location numbers indicated.

CLAIMS -
GENERAL

The five types of claims are identified as well as the period for filing claims, the documentation which must be submitted with the borrower's charges that are eligible for reimbursement.

Further advances may be made on a loan that has not been fully disbursed.

(0501-02)

Specific requirements must be met prior to filing a claim against the Mortgage Insurance Fund. Additional requirements are necessary if default occurs within 12 months of the Interest Adjustment Date.

(0501-03)

Statement of Claim Under NHA Mortgage Insurance, form CMHC 1046 must be completed. Details regarding the required documentation to accompany form CMHC 1046 are provided.

(0501-04)

TYPES

CMHC determines the type of claim to be filed. The lender must file the claim, with appropriate documentation, within a specific number of days depending on the type of claim.

(0502-01)

CMHC MORTGAGE LOAN INSURANCE

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QUICK SETTLEMENT
CLAIMS

Graduated Payment Mortgages are eligible for Quick Settlement Claims, subject to specific conditions. All required documentation must be submitted to CMHC with the claim form. On acceptance of the claim by CMHC, all parties involved are notified by the lender.

(0503-01)

FILING CLAIMS

Supplemental and second mortgage claims may be filed after submitting the initial claim on a mortgage.

(0504-01)

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

An Approved Lender who has enforced its remedies following default by the borrower has the choice of whether or not to make a claim under the Mortgage Loan Insurance Policy.

ACTION

CMHC may determine, jointly with the lender, the best course of action to take to prevent lengthy and costly legal actions, thereby curtailing losses to the Mortgage Insurance Fund. This is why it is vital that the lender supply to CMHC concise, significant, comprehensive information for all problem loans on a timely basis.

TYPES OF CLAIMS

The five types of Mortgage Insurance Fund claims which CMHC may consider from a lender, set out in NHA Section 13, are:

- Title transfer - a claim with conveyance of title to CMHC
- Quit Claim/Voluntary Transfer of title
- Special Exceptional case - Chattel Loan Claim without title
- Deficiency Settlement Claim, or
- Assignment of Mortgage Claim.

In rare circumstances, a fully flexible claim settlement is possible under NHA Section 14.8, but this is limited to highly exceptional cases.

When submitting claims, lenders are expected to proceed with any of the above, as directed by CMHC.

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PERIOD FOR FILING
CLAIMS

Claim With Transfer of Title to CMHC - On a claim under the Mortgage Loan Insurance Policy, with a conveyance of title to CMHC, the claim must be filed.

- within 45 days, or
- such longer period as CMHC may approve in writing after the borrower's interest is terminated or legally available for transfer to CMHC, as a result of foreclosure, sale proceedings or otherwise.

Claim for Deficiency Settlement - A claim under an insurance policy, where the mortgaged premises are sold to a third party, shall be filed by the lender in a form prescribed by CMHC within 30 days following the closing date approved by CMHC.

Assignment of Mortgage Claim - An assignment of mortgage claim is to be filed by the lender within 45 days after CMHC indicates that the mortgage is to be assigned, as approved or directed by CMHC.

LATE FILING
OF CLAIMS

CMHC is under no obligation to accept, consider or pay a claim that has not been filed:

- within one year of the lender acquiring title to the mortgaged property or
- within 12 months of the completion of a CMHC approved sale unless an extension has previously been approved in writing by CMHC.

CMHC MORTGAGE LOAN INSURANCE

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LATE FILING
OF CLAIMS
(Cont'd)

However, without prejudice to CMHC's rights, a late claim will normally be considered but be subject, pursuant to NHA subparagraph 14.5(1)(c)(ii) to a penalty for the number of days the claim was filed late.

BORROWER'S
CHARGES

Borrower's charges must be submitted with appropriate supporting documentation to expedite the processing of the claim.

Documentation consists of:

- original or photostatic copies of bills/invoices and receipts, or
- copies of bills/invoices and photostatic copies of cheques issued for payment, and
- explanatory notes giving full details, where an unusual expense was incurred, establishing validity of item and amount, priority or necessity, and that it was not outstanding at the time the loan was made.

Note: Copies of bills/invoices with notes indicating payment date are generally unacceptable.

Lenders should note that borrower's charges are not likely to be approved unless they are disbursed by an Approved Lender in accordance with the terms of the mortgage to safeguard the interests of both the mortgage and the Corporation.

CMHC MORTGAGE LOAN INSURANCE

Section CLAIMS - GENERAL	Subject General	Page 4
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BORROWER'S
CHARGES (Cont'd)

Examples of approved borrower's charges include insurance premiums for fire and other risks or hazards insured against, taxes and other rates or charges levied against the property that have priority over the mortgage.

ON-GOING
MAINTENANCE

On-going maintenance (**Borrower's Charge Code 304**) is normally defined to be maintenance incurred relating to the day-to-day operations of a multiple project or single property. This would include repairs, periodic painting, annual restorations or improvements.

Approved Lenders are expected to manage on-going maintenance expenditures in a cost effective manner.

To qualify, the expenditures should be in accordance with normal mortgage practice to safeguard the interest of the Approved Lender or CMHC, or else be for repair and maintenance charged against rental revenue.

An on-going maintenance expense may be distinguished from that of an emergency repair, in that there is no urgency or catastrophic event compelling the expense. On-going maintenance expenses also differ from that of major repairs or capital expenses, as the latter repairs or expenses are generally well planned, cyclical in nature, and require a large capital infusion or financial commitment.

Examples: Isolated replacement of an appliance or painting of one unit in a multiple project would be considered "on-going maintenance". Replacement of all appliances or painting all units in a multiple project would be categorized as "major repairs or capital expenses".

CMHC MORTGAGE LOAN INSURANCE

Section CLAIMS - GENERAL	Subject General	Page 5 1995-11-24
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CMHC APPROVAL

Approval, under the support of two estimates, must be obtained from the Director, Mortgage Insurance Operations Centre, CMHC, for both single properties and multiple projects when the on-going maintenance expense exceeds \$1,000 per unit, per occurrence, for each type of expense.

Approval must also be obtained from the Director, Mortgage Insurance Operations Centre, CMHC, when an expense exceeds \$100 per unit, per occurrence, for on-going maintenance related to common areas, including parking and ground maintenance.

EMERGENCY REPAIRS/
EXPENSES

Emergency repairs or expenses (Borrowers' Charge Code 305) are normally defined as unforeseen, unscheduled or catastrophic in nature. They should not be confused with on-going maintenance or major repairs and capital expenses, which are planned, cyclical in nature, and require large capital infusion or financial commitment.

Approved Lenders are expected to attend to emergency repairs and expenses in a cost effective manner.

Emergency repairs or expenses relating to fire, health and safety of occupied buildings or damage caused by catastrophic events will be deemed to be approved if they are disbursed by the Approved Lender under the following limitations:

- for single properties, such as a house or condominium unit, \$2,500 per occurrence; and
- for multiple projects, \$1,000 per occurrence, per unit directly affected by the emergency.

CMHC MORTGAGE LOAN INSURANCE

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CMHC APPROVAL

Approved Lenders are required to obtain post approval from the Director, Mortgage Insurance Operations Centre, CMHC, for both single properties and multiple projects, when the limits for emergency repairs or expenses are exceeded. They must provide the following information:

- particulars of the catastrophic event requiring emergency repairs or expenses;
- particulars of temporary work completed, cost to date, and estimated cost to complete the work; and
- Approved Lender's recommendation relating to scheduling of remaining repairs.

ENVIRONMENTAL
CONTAMINATION

Remediation activities undertaken by an Approved Lender to effect remediation of a property which contains environmental contaminants must have the prior written approval of the Director, Mortgage Insurance Operations Centre, CMHC. While the nature of the cost may have the appearance of meeting the requirements of an emergency expense as it relates to fire, health and safety concerns, Approved Lenders must not proceed to take action without first conferring with their legal counsel and reporting to the Director, Mortgage Insurance Operations Centre, CMHC.

For further details on this subject including reimbursement of borrower's charges, refer to IS 0405-01.

CMHC MORTGAGE LOAN INSURANCE

Section

CLAIMS - GENERAL

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MAJOR REPAIRS OR
CAPITAL EXPENSES

Owing to the nature of these types of expenses, and the large financial sums that are generally spent, all cases involving major repairs or capital expenses will require the Approved Lender to submit the following information, with a recommendation for approval, to the Director, Mortgage Insurance Operations Centre, CMHC:

- a detailed report of the repairs or purchases required;
- an explanation as to how the **expenses are justified** in accordance with normal lending practice; and
- a minimum of three quotes from reliable firms capable of completing the work to be done. The firms should be reputable and bondable.

LOAN NOT FULLY
DISBURSED

When an Approved Lender has not disbursed all the advances approved by CMHC (within the total of advances CMHC has authorized), it can make a further advance:

- prior to the date of commencement of foreclosure; or
- on the date of acquisition of title other than by foreclosure.

OR

An advance is made for the purpose of:

- recovering an equivalent amount of accrued and unpaid interest on advances; or
- removing a prior ranking valid registered claim from title.

Such further advances are insured provided:

- the total of all advances does not exceed the total advances approved by CMHC; and
- the mortgage loan insurance premium is paid on these advances.

CMHC MORTGAGE LOAN INSURANCE

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CLAIMS - GENERAL	Requirements	1
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INTRODUCTION

This Subject outlines the general requirements for claims on the Mortgage Insurance Fund and the additional requirements where default occurs within 12 months of the Interest Adjustment Date (single family housing).

SUBMITTING
DOCUMENTATION

Where applicable (e.g., all transfers in Ontario coming under the Land Titles Act), all title documentation dealing with transfers to CMHC must be submitted by the lender's legal agent to the appropriate Master of Title or Registrar for pre-approval within a week from the date the lender:

- has acquired title, or
- is in a position to transfer title to CMHC.

For specific documentation requirements, see 0501-04.

LENDER
RESPONSIBILITIES
PRIOR TO TRANSFER
TO CMHC

Lenders are responsible for:

- maintaining in a current position, charges such as municipal taxes, condominium/strata fees and other similar charges to which they are liable, until the date of title transfer to CMHC

Note: Compliance with this practice assists in avoiding delays in the settlement of claims.

- obtaining vacant possession as quickly as possible where the property is occupied by a person who is an unacceptable occupant under National Housing Loan Regulation 45.

CMHC MORTGAGE LOAN INSURANCE

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FIRST CLAIM

When submitting its first claim for a particular condominium or strata lot project or a particular subdivision, the lender must provide the following (in compliance with the registered Agreement(s) on title):

- documentation as evidence that any requirements contained in the Agreement were met at the time the loan was made, and
- letters of compliance with the terms of such agreements, where applicable, and/or
- documentation as evidence that the municipality holds adequate security to ensure such agreements will be complied with.

FINAL INSPECTION

The lender's representative makes him/herself available, on request by the local CMHC representative, for the final inspection of the property immediately before the closing of the transaction.

AVAILABILITY OF
TRANSFER
DOCUMENTATION

The executed transfer/conveyance of land should be in the possession of the lender's solicitor so that it is readily available when CMHC's legal agent is satisfied with the title and is ready to close.

TRUST CONDITIONS

The delivery of the executed Deed or Transfer of Title to CMHC's legal agent should not be subject to any trust conditions. This would conflict with the intended closing and claim payment arrangements considered under the NHA and would unnecessarily delay the closing.

CMHC MORTGAGE LOAN INSURANCE

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ADDITIONAL
REQUIREMENTS

Where default occurs within 12 months of the Interest Adjustment Date, CMHC reviews the underwriting performed by the lender at the time the loan was submitted to CMHC for insurance.

Approved Lenders must submit the following documentation with the Statement of Claim under NHA Mortgage Loan Insurance, form CMHC 1046:

- analysis of the financial capacity of the borrower, and
- the background information used to complete the mortgage loan underwriting analysis.

Note: This requirement applies only to single family housing mortgagors who have made twelve monthly mortgage payments or less.

For specific documentation requirements, see 0501-04.

STATUS OF CLAIM
INQUIRY AFTER
SUBMISSION TO CMHC

Prior to making any inquiries relating to the status of the claim, the lender must ensure that all of CMHC's legal agent's requisitions on title have been satisfied.

Note: This inquiry must be made through the lender's legal agents or by other means.

If all such requisitions have been satisfied or cleared to CMHC's legal agent's satisfaction and closing is still delayed, the lender must provide written details of its inquiry to CMHC. On receipt of these details, CMHC investigates the matter.

CMHC MORTGAGE LOAN INSURANCE

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INTRODUCTION

This Subject describes the documents required when filing a claim on the Mortgage Insurance Fund.

STATEMENT OF CLAIM
UNDER THE NHA
MORTGAGE INSURANCE
- FORM CMHC 1046

A claim must be filed using form CMHC 1046 for each loan (see illustration on page 4).

The lender must ensure that:

- the correct CMHC Reference Number appears on the form
- page one is fully and correctly completed, listing all enclosures
- all enclosures listed on page one are submitted, and
- Sections A and B on page two are completed.

RECEIPTS/INVOICES

Receipts and/or invoices to support all borrower's charge disbursements being claimed are attached to form CMHC 1046.

Note: Photocopies of cheque vouchers are usually unacceptable.

TRANSCRIPT OF
ACCOUNT

A legible transcript of mortgage account and tax account is provided with form CMHC 1046. These accounts reflect the unpaid balance owing at the date interest is due or accrued and unpaid.

If such balance is not evident, a reconciliation must be provided.

If a hand-prepared transcript of account is submitted, it must be certified as correct and reflect the original mortgage accounting records.

CMHC MORTGAGE LOAN INSURANCE

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TRANSCRIPT OF
ACCOUNT (Cont'd)

The principal owing must not include any accrued and unpaid interest.

DAMAGES TO PROPERTY

If the acquired property has suffered any damages due to freezing, vandalism, fire, etc., prior to the submission of the claim, a full report explaining all the known circumstances related to such damage is to be included.

COLLATERAL SECURITY

It is a requirement, under the National Housing Act, Section 14.1, that any outstanding right to or in the loan, chattel mortgages or any security relating to the loan is to be transferred to CMHC.

Where applicable, Approved Lenders must submit an executed (registerable) assignment with form CMHC 1046.

SURVEY CERTIFICATE

A survey or surveyor's certificate or any other acceptable certificate (in accordance with the National Housing Loan Regulation paragraph 19(c) or Section 22 must be provided.

Note: The only exception is single acquired condominium/strata housing units.

If the lender does not have a survey or certificate, it must obtain one for claim purposes at its own expense.

DEFAULT WITHIN
12 MONTHS OF IAD
(SINGLE FAMILY
HOUSING)

The following documentation must be submitted for:

New and Existing Loans:

- Offer to Purchase or Agreement of Purchase and Sale, as applicable
- application for mortgage loan

CMHC MORTGAGE LOAN INSURANCE

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DEFAULT WITHIN
12 MONTHS OF IAD
(SINGLE FAMILY
HOUSING) (Cont'd)

- statement of borrower's assets and liabilities
- income verification
- verification of source and existence of equity
- credit report.

Loans Refinancing Existing Mortgage Debt:

- application for mortgage loan
- statements of account for all loans or debts secured by encumbrances (mortgages, liens, judgments) registered against the property
- statement outlining all fees and disbursements relative to the refinancing
- description of improvements, if any.

TITLE DOCUMENTS

All title documents in the Approved Lender's possession are to be submitted for the various options of claim settlement, i.e.:

- Deficiency Claims (see 0502-02)
- Claims with Conveyance of Title (see 0502-03)
- Quick Settlement (Graduate Payment Mortgage) (see 0503-01)
- Abortive Power of Sale (see 0401-05).
- Assignment of Approved Lender's mortgage to CMHC (see 0502-04)
- Claim with Title Insurance (see 0502-05).

OTHER DOCUMENTATION

See other applicable enclosures as specified on page one of form CMHC 1046.

CMHC MORTGAGE LOAN INSURANCE

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STATEMENT OF CLAIM UNDER NHA MORTGAGE INSURANCE

PAGE 1 OF 2

1. ☐ MAIN CLAIM ☐ SUPPLEMENTARY CLAIM

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2 CMHC ACCOUNT NUMBER	3 APPROVED LENDER REF NUMBER	CMHC USE ONLY	DATE CLAIM REC'D
-----------------------	------------------------------	---------------	------------------

TO: MORTGAGE INSURANCE OPERATIONS CENTRE CANADA MORTGAGE AND HOUSING CORPORATION 700 MONTREAL RD. OTTAWA, ONTARIO K1A 0P7		4 FINANCIAL INSTITUTION CODE	5 TRANSIT CODE
6. FROM:			

7. CLAIM PAYEE
<input type="checkbox"/> APPROVED LENDER <input type="checkbox"/> APPROVED LENDER JOINTLY WITH

PROPERTY DETAILS		9. LEGAL DESCRIPTION	
8. CIVIC ADDRESS			
NO NAME TYPE DIRECTION UNIT NO			
CITY/MUNICIPALITY PROVINCE POSTAL CODE			
10 NO OF BEDS/UNITS			
BEDS UNITS			
11. IF RENTED: LEASE TYPE <input type="checkbox"/> WRITTEN <input type="checkbox"/> ORAL	12. LEASE EXPIRY DATE YY MM DO	13. CURRENT MONTHLY RENT \$	14. DEPOSIT HELD \$

BORROWERS DETAILS		18 COVENANTOR = C OR GUARANTOR = G		JUDGMENT ACTION	
15 NAME(S)		17 OBTAINED	18 ON-GOING	19 NOT PURSUED	
A)					
B)					
C)					
D)					

CLAIM DETAILS		21. TYPE OF LEGAL ACTION	
20. TYPE OF CLAIM			
<input type="checkbox"/> TITLE TRANSFER <input type="checkbox"/> ASSIGNMENT <input type="checkbox"/> DEFICIENCY <input type="checkbox"/> CHATTEL MORTGAGE - NO TITLE		<input type="checkbox"/> FORECLOSURE <input type="checkbox"/> OTHER (SPECIFY)	
<input type="checkbox"/> BY APPROVED LENDER <input type="checkbox"/> WITH LEGAL ACTION <input type="checkbox"/> BY APPROVED LENDER		<input type="checkbox"/> POWER OF SALE	
<input type="checkbox"/> BY BORROWER <input type="checkbox"/> WITHOUT LEGAL ACTION <input type="checkbox"/> BY BORROWER		<input type="checkbox"/> VOLUNTARY TRANSFER	
22. LEGAL PROCEEDINGS STARTED YY MM DO	23. LENDER TAKEOVER OF PROPERTY MANAGEMENT AND/OR PROPERTY PROTECTION YY MM DO	24. DATE LEGAL ACTION COMPLETED YY MM DO	25. CLAIM FILING EXTENSION OBTAINED <input type="checkbox"/> YES <input type="checkbox"/> NO
26. APPROVED LENDER'S CORPORATE WARRANTY OR APPROVED LENDER'S SOLICITOR'S CERTIFICATE TO CMHC OR TITLE INSURANCE	27. ANY ADDITIONAL SECURITY E.G. <input type="checkbox"/> CHATTEL MORTGAGE <input type="checkbox"/> PROMISSORY NOTE <input type="checkbox"/> OTHER	28. INTEREST ADJUST. DATE YY MM DO	29. INTEREST RATE AT DEFAULT %

REQUIRED ENCLOSURES (CHECK AS APPLICABLE) (SEE REVERSE FOR ADDITIONAL ENCLOSURES REQUIRED)

30	ALL CLAIM TYPES
<input type="checkbox"/> Transcript of mortgage and tax accounts from loan inception <input type="checkbox"/> Receipts and/or invoices for borrower's charges <input type="checkbox"/> Statement of legal costs <input type="checkbox"/> All renewals and extension agreements <input type="checkbox"/> Monthly statements of income and expenditures during receivership or lender possession <input type="checkbox"/> Executed assignments of all additional security <input type="checkbox"/> Personal judgments on covenants and executed assignments of them <input type="checkbox"/> Assignment of Approved Lender's policy of title insurance <input type="checkbox"/> Other (specify) _____	
MULTIPLE CLAIMS ONLY	
<input type="checkbox"/> Orders appointing/discharging receiver and/or management contracts, if applicable <input type="checkbox"/> Executed assignment of rents, except on Deficiency Settlement Claims <input type="checkbox"/> Chattel mortgage <input type="checkbox"/> Executed bill of sale (except on Deficiency Settlement Claims and Assignment of Mortgage)	

CMHC 1046 3/94 CMH PPU 040 CMHC is subject to the Privacy Act. Individuals have a right of access to CMHC controlled information about themselves.

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CMHC MORTGAGE LOAN INSURANCE

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ADDITIONAL ENCLOSURES REQUIRED

CONVEYANCE OF TITLE CLAIMS

- ___ Approved Lender's title acquisition document
- ___ Survey or equivalent certificate of location
- ___ Registrable, executed Deed to Convey/Transfer title to CMHC (except in the Province of Quebec where it is to be signed before a notary on demand)/Approved Lender's Duplicate Certificate of Title
- ___ Executed assignment of leases and rents, if property occupied

DEFICIENCY SETTLEMENT CLAIMS

- ___ Statement by the Approved Lender's solicitor (Quebec - Notary) or a responsible officer confirming the closing date of the sale or disposition
- ___ Copy of the registered conveyance or other instrument of sale (as soon as possible)
- ___ Statement of adjustments for sale or disposition
- ___ Approved Lender's title acquisition document, if applicable
- List of documents previously submitted to the CMHC Branch Manager:**
- ___ Agreement of purchase and sale (if judicial sale: copy of court orders, reports and judgment approving sale)
- ___ An adequate appraisal of the value of the mortgaged property, including the reasonable time required to sell or dispose of it, together with an informed summary of the realizable value of all security for the loan
- ___ Every listing agreement, agreement of purchase and sale or other disposition, order or direction for sale or other disposition and other document of disposition of the mortgaged property
- ___ All particulars in which title or permitted use is or may be deficient or property may be in violation of any applicable requirements
- ___ The particulars of any material change, repudiation or recession in relation to the sale or disposition

ASSIGNMENT OF MORTGAGE CLAIMS

- ___ Outstanding judgments and orders
- ___ Registrable, executed assignment of mortgage and legal action
- ___ Survey or equivalent certificate of location (except for individual condo/strata units)
- ___ Effective assignment of all other security to CMHC
- ___ Executed Assignment of Mortgage - Undertakings, CMHC 2889, to be given by the Approved Lender or holder in accordance with Section 14(1) NHA

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2. CMHC ACCOUNT NUMBER		3. APPROVED LENDER REF. NUMBER		CMHC USE ONLY		DATE CLAIM REC'D			
31. DUE DATE OF LAST COMPLETE INSTALLMENT PAID (NOT DATE PAYMENT WAS RECEIVED)		YY	MM	DD	32. INTEREST ON PRINCIPAL WAS PAID TO		YY	MM	DD
33. PRINCIPAL BALANCE OWING AS AT ABOVE DATE					OR				
34. TAX ACCOUNT BALANCE AS AT ABOVE DATE					<input type="checkbox"/> Debit <input type="checkbox"/> Credit				
35. LEGAL COSTS									
	ACQUISITION			JUDGMENT			SALE		
FEES									
DISBURSEMENTS									
TOTAL									
36. JUDGMENT SETTLEMENT				YY	MM	DD	\$		
37. PROPERTY DAMAGE				YY	MM	DD	\$		
38. FIRE DAMAGE/INSURANCE SETTLEMENT				YY	MM	DD	\$		
39. INTEREST BUYDOWN				<input type="checkbox"/> YES <input type="checkbox"/> NO					
40. UNEARNED PORTION OF INTEREST BUYDOWN							\$		
41. OTHER							\$		
DEFICIENCY SALE				YY	MM	DD	\$		
42. Sale closing date and price				YY	MM	DD	\$		
43. Real estate commission							\$		
44. BORROWER'S CHARGES							\$		

[illegible]

47. CERTIFICATE OF CLAIMANT

The Claimant, in support of its claim for payment under its mortgage loan insurance policy and the NHA, and as a condition of payment, hereby certifies that all required security was obtained, that no security for the loan has been released or compromised and all additional security and assignments are valid, registrable where appropriate, and enforceable in full in accordance with the terms and conditions of the loan insurance, all except as allowed by regulation or as approved by CMHC, and that where a deficiency claim is submitted a legitimate market sale took place and that the Claimant has been diligent to ensure that all the information in this claim and all documents enclosed are correct and complete and all requirements for payment have been complied with.

PRINT NAME OF APPROVED LENDER'S AUTHORIZED OFFICER _____

SIGNATURE OF APPROVED LENDER'S AUTHORIZED OFFICER

48. APPROVED LENDER JOINT INSPECTION CONTACT (INCLUDE COMPANY NAME, ADDRESS & TELEPHONE NUMBER):

40 FAX NO	50 TELEPHONE NUMBER	51 FILING DATE
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CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Overview	1
		1998-05-08

INTRODUCTION

This Section provides details on the types of claims made against the Mortgage Insurance Fund, including completion of forms, documentation required to be submitted and filing periods.

For details, refer to location numbers indicated.

DEFICIENCY CLAIMS

Power of Sale, **Judicial Sale** and sale by the Approved Lender after acquisition are defined as deficiency claims. The corresponding documentation that must be included with the claim form is provided.
(0502-02)

CLAIM WITH
CONVEYANCE OF TITLE
TO CMHC

Property may be transferred to CMHC. In this case, the Approved Lender continues its responsibilities for the property until the transfer to CMHC is made.
(0502-03)

ASSIGNMENT OF
MORTGAGE TO CMHC

An Approved Lender can assign a mortgage to CMHC if the mortgage is a graduated payment mortgage and CMHC determines that an assignment rather than a transfer of title is more beneficial to the Mortgage Insurance Fund.
(0502-04)

CLAIM WITH TITLE
INSURANCE POLICY OR
APPROVED LENDER'S
WARRANTY

The Approved Lender may ensure compliance with CMHC's requirements by utilizing a solicitor's Certificate of Title, by purchasing Title Insurance or alternatively the Approved Lender may warrant that the title of the security is acceptable to CMHC.
(0502-05)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Deficiency Claims	1
		1990-10-01

INTRODUCTION

This Subject describes the various deficiency claims and the required documentation.

FILING CLAIM

When the lender has caused the mortgage premises to be sold, it must file the claim within 30 days following the closing of the sale.

LATE FILING
OF CLAIM

CMHC is not obligated to accept a claim that has been filed late, unless it has previously approved an extension, in writing.

Note: Acceptance of a late claim does not prejudice CMHC's rights.

When a late claim has been accepted by CMHC, a lender's claim is usually subject to an interest reduction for the number of days the claim was filed late.

POWER OF SALE

For the sale of property to a third party which meets CMHC's prior approval, CMHC makes a deficiency settlement with the Approved Lender.

The settlement represents:

- the difference between the lender's claim calculated in accordance with Section 8(1) of the National Housing Act, and
- the net sales proceeds.

The following documentation is to be included in the claim:

- statement of legal costs and sales costs
- vendor's statement of adjustments

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Deficiency Claims	2
		1998-05-08

POWER OF SALE
(Cont'd)

- original or photostatic copies of receipts/invoices for borrower's charges
- statement of rental revenue and expenses, where applicable
- transcript of mortgage and tax account
- judgment for any deficiency and assignment of judgment to CMHC where required by CMHC, and
- documentation to be sent to:

Director
Insurance Servicing Division
CMHC
National Office

For claim calculation purposes, reasonable legal costs incurred in obtaining a deficiency judgment are recognized as a borrower's charge.

JUDICIAL SALE

For the sale of property to a third party under a judicial sale action which meets CMHC's prior approval, CMHC makes a deficiency settlement with the Approved Lender.

The net proceeds of the sale are credited first against principal outstanding on the loan account, and the claim is calculated in accordance with NHA Section 14.5.

The following documentation is to be included in the claim:

- statement of legal costs
- vendor's statement of adjustments

CMHC MORTGAGE LOAN INSURANCE

Section TYPES	Subject Deficiency Claims	Page 3
		1998-05-08

JUDICIAL SALE

- original or photostatic copies of receipts/ invoices for borrower's charges
- statement of rental revenue and expenses, where applicable
- transcript of mortgage and tax account
- copies of the Court Orders, Reports and Judgment approving the sale
- **copy of the order of collocation prepared or homologated by the Protonotary** - Judicial Sale/Province of Quebec, and
- judgment for any deficiency and assignment of judgment to CMHC where required by CMHC.
- documentation to be sent to:

Director
Insurance Servicing Division
CMHC
National Office

**SALE BY APPROVED
LENDER AFTER
ACQUISITION
OF TITLE**

When the sale of property is completed with the concurrence of CMHC following the Approved Lender's acquisition of title, the claim documentation is identical to the Abortive Power of Sale. For details see 0401-05.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Deficiency Claims	4
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REIMBURSABLE \$500
APPROVED LENDER
CHARGE
(Cont'd)

Note: Payment is made on a project basis and not by unit.

The deficiency sales incentive will not be paid for sales that are not completed by the lender even if the \$500 was submitted as part of the initial claim.

However, CMHC will recognize, as a sales incentive, an amount up to \$500 exceeding the total amount of the initial claim, less sales proceeds. That is, the lender may still be entitled to a certain portion of the sales incentive:

- if the sales proceeds are such that there is no deficit, and
- depending on the spread between the claim amount and sale amount.

Therefore, only a "profit margin" in excess of \$500 would negate any sale incentive payable by CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Claim with Conveyance of Title to CMHC	1
		1990-10-01

INTRODUCTION

This Subject describes a claim where conveyance of title is transferred to CMHC.

FILING CLAIM

Claims with conveyance of title are to be filed on the Statement of Claim Under NHA Mortgage Insurance, CMHC 1046, for each loan within 45 days, or such longer period as CMHC may approve in writing, after the borrower's interest is terminated or legally available for transfer to CMHC, as a result of foreclosure, sale proceedings or otherwise, or in the case of a voluntary surrender (Quit Claim), after CMHC approval.

The Approved Lender should send the completed CMHC 1046 to CMHC National Office. For illustration of Form CMHC 1046, see 0501-04.

ENCLOSURES

The Approved Lender should ensure that all enclosures listed on page 1 of CMHC 1046 are submitted along with CMHC 1046 to avoid unnecessary correspondence and delay in processing the claim. Enclosures are to include:

- all title papers concerning the mortgage property and
- a surveyor's certificate or sketch or a similar certificate referred to in National Housing Loan Regulation paragraph 19(c) or Section 22, and
- a duly executed and registerable conveyance or transfer to the Corporation.

CMHC MORTGAGE LOAN INSURANCE

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TYPES	Claim with Conveyance of Title to CMHC	2
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FINAL ORDER OF
FORECLOSURE

Where foreclosure proceedings have been instituted, an Approved Lender shall apply for a final order of foreclosure and for possession of the mortgaged property. Such application shall occur at the earliest date that the lender is entitled by law or within such longer period as is approved by the Corporation.

Notwithstanding the above, an Approved Lender may, after foreclosure proceedings have been instituted but before a final order of foreclosure has been obtained either:

- discontinue the action if costs and all payments in arrears are paid; or
- with the approval of the Corporation postpone or discontinue the action if the borrower has made satisfactory arrangements to remedy the default.

LATE FILING
OF CLAIM

CMHC is not obligated to accept a claim that has been filed late, unless it has previously approved an extension, in writing.

Note: Acceptance of a late claim does not prejudice CMHC's rights.

When a late claim has been accepted by CMHC, a lender's claim is usually subject to an interest reduction for the number of days the claim was filed late.

COLLATERAL SECURITY

It is a requirement, under the National Housing Act, Section 14.1 that any outstanding right to or in the loan, Chattel mortgages, or any security relating to the loan is to be transferred to CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Claim with Conveyance of Title to CMHC	3
		1990-10-01

COLLATERAL SECURITY
(Cont'd)

Approved Lenders must submit executed (registerable) assignments, where applicable, with form CMHC 1046.

PRELIMINARY
INSPECTION OF
PROPERTY

After the claim is filed, the CMHC local Office Manager arranges with the local manager or representative of the Approved Lender:

- to jointly inspect the property, and
- make tentative arrangements for takeover upon transfer of title.

BORROWER'S CHARGES

CMHC recognizes borrower's charges as defined in the National Housing Loan Regulations and as outlined in 0307-04 for the purpose of a claim on the Mortgage Insurance Fund.

Other charges must be approved by CMHC before the expenditures are incurred by the Approved Lender.

CONTINUATION OF
FIRE INSURANCE

The Approved Lender must submit the following documents to the solicitor or notary acting for CMHC at the time title to the property is transferred or conveyed:

- any insurance policy in the lender's possession
- assignment of the insurance policy to CMHC
- the vacancy permit, if applicable.

INSURANCE SERVICING

IS 0502-03

CMHC MORTGAGE LOAN INSURANCE

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TYPES	Claim with Conveyance of Title to CMHC	4
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PAYMENT OF CLAIM
AND TRANSFER OF
POSSESSION

The closing of the transfer to CMHC should take place as soon as the requirements of the NHA and Regulations have been met.

The Regulations provide that CMHC pays the amount of the claim to the Approved Lender within 15 days of the conveyance or transfer of title to CMHC.

The only exception to the payment date is in the Province of Quebec where the claim is paid upon signature of the Deed of Sale transferring title from the lender to CMHC.

HAND-OVER OF
PROPERTY

Hand-over of the property is made from the Approved Lender to CMHC (through their local representatives) at a mutually convenient time which should coincide with the transfer of title to CMHC.

At the time of hand-over, the representatives of the lender and CMHC make a final joint inspection of the premises.

The CMHC representative accepts the keys and issues a receipt for the property.

If the premises are rented, the lender must:

- hand over to the CMHC representative, copies of any leases in effect
- direct the tenants to pay the rent to CMHC from the date on which CMHC takes title
- send a copy of the notice to tenants to CMHC

CMHC MORTGAGE LOAN INSURANCE

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TYPES	Claim with Conveyance of Title to CMHC	5
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HAND-OVER OF
PROPERTY (Cont'd)

- advise the CMHC representative of the amounts of any security deposits or prepaid rentals received from tenants.

Note: Appropriate adjustments are made in claim settlements for prepaid rentals and security deposits received by the lender.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Assignment of Mortgage to CMHC	1
		1990-10-01

INTRODUCTION

There are certain situations under which an assignment of a mortgage occurs. These situations are described below.

GRADUATED PAYMENT
MORTGAGE (GPM)

CMHC accepts, from the lender, the assignment of the mortgage committed under the GPM plan.

The undertaking to insure the assignment is identified as eligible for Quick Settlement.

See 0503-01 for details on:

- the acceptability conditions and criteria under which CMHC approves the assignment, and
- the required documentation.

OTHER INSURED
MORTGAGE LOANS

Under subsection 13(5) NHA, CMHC may agree with or direct the lender to assign the mortgage to CMHC rather than proceed with the acquisition or sale of the property.

Where the decision is made by CMHC to accept an assignment of mortgage from the lender, the lender must submit all documentation listed on the statement of claim under NHA Mortgage Insurance, CMHC 1046.

FILING OF CLAIMS

The Approved Lender is required, pursuant to Regulation 43 to submit a claim with assignment of mortgage, on the Statement of Claim under NHA Mortgage Insurance, CMHC 1046 within 45 days after CMHC indicates to the lender that it requires or approves that the mortgage be assigned to it.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Assignment of Mortgage to CMHC	2
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ENCLOSURES

The Approved Lender should ensure that all enclosures listed on page 1 of CMHC 1046 are submitted along with the CMHC 1046 to avoid unnecessary correspondence and delay in processing the claim.

UNDERTAKING

As part of the standard assignment of mortgage claim documentation to be submitted to CMHC, lenders are required under NHA subsection 13(5) and section 14, to give to CMHC an undertaking.

The undertaking will provide that the lender will buy back its claim and reimburse CMHC losses if:

- the mortgaged property is not clear of all encumbrances, except as provided by the National Housing Loan Regulations or as approved by CMHC, or
- there is a claim or right against the Approved Lender that may be asserted in a proceeding on the loan, mortgage or other security by way of set-off or counter claim.

When either of these conditions occurs, CMHC will assign back to the lender the loan and all security for it, to the extent that the Corporation has the right to assign them back and account for any collections made.

For an illustration of the Assignment of Mortgage - Undertakings, form CMHC 2889 see 0502-04 page 3.

CMHC MORTGAGE LOAN INSURANCE

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TYPES	Form CMHC 2889	3
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Canada

ASSIGNMENT OF MORTGAGE - UNDERTAKINGS

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DATE		LENDER REFERENCE NO.		CMHC USE ONLY	DATE CLAIM REC'D
TO: MORTGAGE INSURANCE OPERATIONS CENTRE CANADA MORTGAGE AND HOUSING CORPORATION OTTAWA, ONTARIO K1A 0P7		FROM:			
		(called "Claimant" below)			

UNDERTAKINGS

The Claimant in support of its claim for payment, and as a condition of payment, under its mortgage loan insurance policy and the National Housing Act (NHA), hereby undertakes:

1. if
 - a) the mortgaged property is not clear of all encumbrances, except as provided by regulation or as approved by CMHC, or
 - b) there is a claim or right that may be asserted in a proceeding on the loan, mortgage or other security by way of set-off or counter-claim,
 then the Claimant shall
 - c) repay to CMHC the amount calculated in accordance with NHA Section 14.5 and any amount paid under NHA Section 14.6 or 14.7,
 - d) reimburse CMHC for costs incurred by it in respect of the mortgaged property, and for legal costs in accordance with the insurance policy and any applicable regulation,
 - e) pay to CMHC interest on each amount referred to in clause c) or d), in accordance with the insurance policy and any applicable regulation or, where there is no such provision, calculated in the manner and at the rate specified in the mortgage and compounded in the manner so specified for compounding arrears of interest owing on the mortgage, and
 - f) accept an assignment back of the loan and all security therefor, to the extent that CMHC has the right to assign them back, as well as the payment of the proceeds or fruits of their enforcement by CMHC; and
2. if there is any loss or damage as described in NHA paragraph 14.5(1)(c), then the Claimant shall either
 - a) pay to CMHC the total amount of that loss or damage, or
 - b) pay to CMHC all of the amounts referred to in clauses 1 c), d) and e) above and accept the assignment and payment referred to in clause 1 f) above;
3. the mortgage is a valid first (or _____) charge on the property for which the loan was insured;
4. the assignment of mortgage submitted to CMHC is effective and registrable;
5. title to the mortgaged property is good and marketable and clear of all rights or encumbrances having any priority over the mortgage, except as provided by regulation or as approved by CMHC;
6. all security is fully enforceable in accordance with the terms and conditions of the loan insurance, and no security has been released except as provided by regulation or as approved by CMHC;
7. all amounts indicated in the CMHC 1046 Statement of Claim submitted in respect of this loan as being owing by the borrower and secured by the mortgage and other security are correct and there is no claim or right that may be asserted by way of set-off or counter-claim.

PRINT NAME AND TITLE OF LENDER'S/HOLDER'S AUTHORIZED OFFICER

SIGNATURE OF LENDER'S/HOLDER'S AUTHORIZED OFFICER

DATE

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CMHC MORTGAGE LOAN INSURANCE

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TYPES	Claim with Title Insurance Policy or Approved Lender's Warranty	1
		1994-02-25

INTRODUCTION

The Approved Lender may ensure compliance with CMHC's requirements by utilizing a solicitor's Certificate of Title, by purchasing Title Insurance or, alternatively the Approved Lender may warrant that the title of the security is acceptable to CMHC.

DEFECTS IN TITLE

For information regarding unobjectionable title defects, objectionable title defects and non-defects in title, refer to the Insurance Initiation Manual, Section 06.

TITLE INSURANCE

Title Insurance is an acceptable method to ensure compliance with CMHC's requirements and may be purchased by the Approved Lender in fulfilling its responsibility regarding adequacy of title.

For general information relating to the acceptability of Title Insurance and requirement criteria for a policy of Title Insurance refer to the Insurance Initiation Manual, Section 06.

REIMBURSEMENT

Approved Lenders may purchase a policy of Title Insurance at their own expense. Where the Approved Lender purchased and paid for a policy of Title Insurance with respect to a single loan at loan approval, CMHC would be prepared to reimburse the Approved Lender up to the maximum of \$300 where the Approved Lender assigns its policy of Title Insurance to CMHC at the claim stage. The Approved Lender would be required to provide evidence that it paid for the Title Insurance policy and the premiums were not paid by the borrower.

The Approved Lender will also be required to provide a new or updated Title Insurance policy to cover the period from loan approval through to the legal proceedings period.

CMHC MORTGAGE LOAN INSURANCE

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TYPES	Claim with Title Insurance Policy or Approved Lender's Warranty	2
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REIMBURSEMENT
(cont'd)

Single Loan

Where the Approved Lender purchases a policy of Title Insurance with respect to a single loan at the claim stage and not at loan approval and then assigns the Title Insurance policy to CMHC with the MIF claim, CMHC would recognize the disbursement by the Approved Lender to purchase a policy of Title Insurance up to the maximum of \$300.

Multiple Loans

For multiple loans where an Approved Lender has purchased a policy of Title Insurance, CMHC is prepared to reimburse Approved Lenders for reasonable costs relating to the purchase, provided the Approved Lender paid for the Title Insurance policy and can provide evidence that the premiums were not paid by the borrower, and the policy is assigned to CMHC at the claim stage.

ASSIGNMENT OF
TITLE INSURANCE
POLICY

At the claim stage, Approved Lenders are to assign the Title Insurance policy to CMHC. CMHC will ensure that the policy received is in conformity with its corporate criteria of admissibility.

In the event of a MIF claim where an Approved Lender has purchased a policy of Title Insurance, CMHC will place reliance on the Title Insurance policy rather than on the Approved Lender's solicitor's certification as to title. The Approved Lender must continue to prepare the transfer and title documents such as the draft deed in the normal manner. CMHC, upon receipt of the title documents, will appoint a solicitor to register these documents. CMHC's legal agent will, however, not raise title requisitions as CMHC will rely on the Title Insurance policy that the title to the security meets CMHC's requirements regarding title adequacy.

CMHC MORTGAGE LOAN INSURANCE

Section TYPES	Subject Claim with Title Insurance Policy or Approved Lender's Warranty	Page 3 1994-02-25
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APPROVED LENDER'S
WARRANTY

The Approved Lender shall warrant that the title to the property is good and marketable, free and clear of all defects.

In such circumstances, the Approved Lender continues to assume full responsibility for ensuring clear and marketable title and to save CMHC harmless from any losses and damages resulting from defects other than those CMHC considers as being unobjectionable, as more particularly described below.

INDEMNIFICATION OF
THE APPROVED
LENDER'S WARRANTY

In the event of a claim, if CMHC deems it necessary to seek rectification/indemnification from the Approved Lender on its warranty as to title, CMHC will notify the Approved Lender of the nature of the problem encountered and particulars of the action to be taken.

- If CMHC markets the property and a purchaser of the property submits valid requisitions to CMHC, the Approved Lender must satisfy such requisitions within the required time frame or within such extended period of time as may be agreed to between CMHC and the purchaser.
- If the Approved Lender is unable or unwilling to satisfy those requisitions in the specified period of time, the Approved Lender must, within a period of time not exceeding three months from the date upon which the requisitions are provided to it, or such longer period as CMHC may approve, clear the requisitions to the satisfaction of CMHC, or reacquire the property from CMHC.
- In any circumstances and at any time, CMHC may notify the Approved Lender of any requisitions it has with respect to the property. Within three months of such notification or such longer period of time as CMHC may approve, the Approved Lender must clear such requisitions to the satisfaction of CMHC or reacquire the property from CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
TYPES	Claim with Title Insurance Policy or Approved Lender's Warranty	4
		1994-02-25

APPROVED LENDER
OPTIONS

As the situation warrants, the Approved Lender will:

- indemnify CMHC for all interest accruing at the mortgage interest rate or at the lowest interest rate used in the claim settlement, from the original scheduled closing date of the sale to the purchaser to the date the Approved Lender satisfies the requisitions, plus any other reasonable costs incurred by CMHC as a direct result in the delay in sale;
- purchase back the property from CMHC, at a price equivalent to the full amount of the insurance claim paid by CMHC in respect of the property, as well as to pay:
 - a) the cost of any reasonable capital improvements which have been made by CMHC to the property by CMHC during its ownership of the property;
 - b) all other reasonable costs incurred by CMHC as a direct result of such failure to clear the requisitions; and
 - c) interest on all of those amounts in a) and b) at the mortgage interest rate used in the claim settlement from the original scheduled closing date of the sale to the purchaser to the date upon which the conveyance to the Approved Lender is completed. Where there is no Agreement of Purchase and Sale, interest at the mortgage interest rate will be calculated from the date of CMHC's notification of its requisitions to the date the reconveyance to the Approved Lender is completed.

EXPIRY OF WARRANTY

On single and multiple account claims, the Approved Lender will remain liable under its warranty as to title for a period of 12 months from the date title was transferred to CMHC unless contentious matters have arisen.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	General	1
		1990-10-01

INTRODUCTION

The lender has the option to sell to CMHC, a Graduated Payment Mortgage (GPM), which has been designated as eligible for Quick Settlement, subject to the conditions outlined below.

WHEN OPTION
IS EXERCISABLE

A Claim may be filed with CMHC if:

- the insured loan is in arrears in an amount equal to at least three monthly instalments of principal, interest and taxes
- construction has been completed and the loan has been fully disbursed
- no formal legal action to acquire title as a result of borrower default, has been initiated, unless approved by CMHC.

A Quick Settlement Claim may be made when the lender knows that a property has been abandoned:

- following completion of construction, and
- full disbursement of the loan.

Note: The loan can be less than three monthly instalments in arrears.

ACCEPTABILITY
CONDITIONS

For full details, see 0503-02.

BASIS OF
SETTLEMENT

CMHC reimburses the lender for:

- the principal balance owing on the mortgage account as of the date interest was due and unpaid, after allowing for any credit in the tax account

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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		1990-10-01

BASIS OF
SETTLEMENT
(Cont'd)

- approved borrower's charges as defined by the National Housing Loan Regulations
- interest at the mortgage rate:
 - on the principal balance owing as specified above, and
 - on each approved borrower's charge from the date the charge was incurred, for a period of six months or to the date the fully completed Quick Settlement Claim is received, whichever is the shorter period
- interest at the mortgage rate on each amount specified above from the date of receipt by CMHC of the completed application for Quick Settlement to the date settlement is remitted by CMHC to the lender.

SUBMISSION OF
CLAIM

For full details, see 0503-03.

ADDITIONAL
SECURITY

Any additional security held by the lender for the repayment of the GPM loan such as rent assignment, chattel mortgage, etc., is to be assigned to CMHC.

CMHC accepts, as an approved borrower's charge for Quick Settlement purposes, reasonable legal fees incurred by the lender for appointing a solicitor to prepare assignments of such additional security.

FIRE AND HAZARD
INSURANCE

For full details, see 0503-05.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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		1990-10-01

PROPERTY TAXES

The lender pays all property tax bills that become due and payable prior to the settlement of the claim.

Property tax bills are sent to CMHC that are either:

- in the lender's possession, or
- received by the lender before the settlement of the claim but due and payable following the anticipated claim settlement date.

Note: The CMHC account number identifying the loan account must be included on the tax bills.

PROTECTION OF
VACANT OR ABANDONED
PROPERTIES

The lender takes the necessary action to preserve and protect the insured loan property as required under the National Housing Loan Regulations until notification is received from CMHC of the acceptability of the claim.

CMHC is to be informed immediately when the lender knows of a property being vacant after filing the Quick Settlement Claim. The lender shall protect the property until notified otherwise by CMHC.

INSPECTION OF
INSURED LOAN
PROPERTIES

Where the property is vacant or abandoned, the CMHC Branch Manager arranges with the lender's representative to jointly inspect the property.

The Branch Manager and lender's representative make tentative arrangements for "takeover" on notification from CMHC of the acceptability of the claim as outlined in 0503-04.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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		1990-10-01

BORROWER'S CHARGES

CMHC recognizes borrower's charges relating to common expense payments on condominium housing units as defined in the National Housing Loan Regulations and 0202-01.

CMHC also recognizes reasonable legal fees relating to the preparation of Assignments of Mortgages and assignments of additional security, where applicable.

CONDOMINIUM/STRATA
- COMMON EXPENSES/
SPECIAL ASSESSMENT
ARREARS

For full details, see 0503-06.

RECEIPT OF MONTHLY
INSTALMENT PAYMENTS
FROM BORROWERS

When the Approved Lender receives a remittance from the borrower for part of the instalments in arrears but has previously submitted the application for Quick Settlement Claim, Form CMHC 2248, the remittance is deposited by the lender.

CMHC is informed immediately of the particulars of the remittances received, i.e., date and amount. The Quick Settlement Claim is adjusted accordingly.

If the remittance covers all instalments in arrears, the borrower's mortgage account is reinstated and the Quick Settlement Claim withdrawn.

NOTIFICATION OF
SALE OF MORTGAGE

For full details, see 0503-04.

PAYMENT OF QUICK
SETTLEMENT CLAIM

CMHC pays the amount of the approved claim to the lender within 30 days of receipt of an acceptable application.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Acceptability Conditions	1
		1990-10-01

INTRODUCTION

This Subject defines the conditions that are acceptable to CMHC regarding a Quick Settlement Claim.

MORTGAGE
ADMINISTRATION

CMHC must be satisfied that the loan was made and administered in full conformity with the National Housing Act, the National Housing Loan Regulations and the contents of this manual.

MORTGAGE DETAILS

Interest on advances to the Interest Adjustment Date must be fully collected, or if not, excluded from the claim.

The mortgage payment due date must be on the first of the month.

The loan must have been originally placed on repayment for principal, interest and taxes.

The mortgage must be a first charge on the property.

PROPERTY
CONSIDERATIONS

There must be no objectionable title defects other than as listed on the Mortgage Loan Insurance Policy or which come within the general intent of the Regulations.

There must be no damage to the property due to the lender's negligence, fire or other hazards.

QUICK SETTLEMENT
CLAIM - FORM
CMHC 2248

Form CMHC 2248 must be fully completed and all required documentation mentioned in the form is attached to the claim. For illustration of form, see 0503-03.

CMHC MORTGAGE LOAN INSURANCE

Section QUICK SETTLEMENT CLAIMS	Subject Submission of Claim, Form CMHC 2248	Page 1
		1990-10-01

INTRODUCTION

A Quick Settlement Claim and Assignment of Graduated Payment Mortgage, form CMHC 2248 and required documentation must be submitted to CMHC (see form illustration on pages 2 - 5).

QUICK SETTLEMENT
CLAIM - FORM
CMHC 2248

Section C on Schedule A of form CMHC 2248 may be left blank, at the lender's discretion.

Note: If left blank, Section C will be completed by CMHC.

To expedite the processing of the claim, form CMHC 2248 must be fully completed (except for Sections C and D) and submitted with the originals of all mandatory documentation. Photocopies are not acceptable.

ASSIGNMENT OF
MORTGAGE FORM

A valid and effective assignment in registerable form and warranted as such by the lender on form CMHC 2248 is submitted with the Quick Settlement Claim.

The lender can use the standard Assignment of Mortgage forms (CMHC 2288 to 2296, CMHC 2451 and CMHC 2452), which may expedite the Quick Settlement, or:

- use its own Assignment of Mortgage forms, or
- appoint a solicitor to prepare the required Assignment of Mortgage forms.

Note: 1. Where the lender prepares the Assignment of Mortgage form, an administrative fee is not reimbursable in the Quick Settlement.

2. A reasonable legal fee is accepted where a solicitor is appointed.

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

IS 0503-03

Section

QUICK SETTLEMENT
CLAIMS

Subject

Submission of Claim,
Form CMHC 2248

Page

2

1990-10-01

Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

Canada

QUICK SETTLEMENT CLAIM AND ASSIGNMENT
OF GRADUATED PAYMENT MORTGAGE

Page 1 of 3

TO: Manager Operations, Asset Management Directorate, Canada Mortgage and Housing Corporation, Montreal Rd., Ottawa, K1A 0P7, Canada	CMHC account no.:	Date:
	Lender's reference no.:	
FROM:	Address:	

We wish to exercise the Quick Settlement option in exchange for an assignment of the Graduated Payment Mortgage.

CLAIMANT

We are		OR		We are	
<input type="checkbox"/> the mortgagee				the Approved Lender administering the	
				loan for the following mortgagee _____	
Name of current beneficiary under Mortgage Loan Insurance Policy:					

WARRANTY

Mortgage Registration Number:
We warrant that as of the date hereof the mortgage forms a first charge on the mortgaged property registered in the name of the assignor and the assignment enclosed is a valid and effective assignment in registerable form, and there are no defects in title in existence on the date of assignment of the mortgage to CMHC, except those approved by CMHC pursuant to Sections 21 or 37 of the National Housing Loan Regulations or except defects within the meaning of sub-section 44(3) of the regulations, and
We undertake to save the Corporation harmless from defects in title, except defects created by changes in law occurring subsequently to the date of registration of the mortgage identified herein.

CERTIFICATION

<input type="checkbox"/> No formal legal action for default has been initiated.
<input type="checkbox"/> Construction has been completed and the loan fully disbursed.
<input type="checkbox"/> To the best of our knowledge, there is no damage to the mortgaged property due to fire or other hazards.
A voluntary transfer of title from the mortgagor to the lender was not possible for the following reason(s):

CMHC MORTGAGE LOAN INSURANCE

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PROPERTY DETAILS

Page 2 of 3

Name of current owner/mortgagor:	
Address of mortgaged property:	Mailing address of mortgagor (if different than property civic address):
Property contains: Family housing UNIT	is: <input type="checkbox"/> Vacant <input type="checkbox"/> Occupied, BY <input type="checkbox"/> Mortgagor <input type="checkbox"/> Other
If vacant, key is obtainable from:	
Name:	Address: Telephone:
If property occupied by other than mortgagor, provide details of occupancy arrangements if known:	If property is a multiple family rental project, provide date administration of project was undertaken by lender, if applicable.

DOCUMENTS ENCLOSED

<input type="checkbox"/> Assignment of mortgage to CMHC duly executed and in registrable form in duplicate (common law provinces) and triplicate (Province of Quebec)
<input type="checkbox"/> Where applicable, assignment of any additional security taken against the mortgaged property

ESSENTIAL ENCLOSURES (Photocopies unacceptable)

COMMON LAW PROVINCES	PROVINCE OF QUEBEC
<input type="checkbox"/> Registered copy of mortgage	<input type="checkbox"/> Registered copy of mortgage
<input type="checkbox"/> Registered copy of any prior assignment of mortgage, where applicable	<input type="checkbox"/> Registered copy of any prior assignment of mortgage, where applicable
<input type="checkbox"/> Agreement to Assume Mortgage on builder's loan, where applicable	<input type="checkbox"/> Agreement to Assume Mortgage on builder's loan, where applicable (Deed of Sale)
<input type="checkbox"/> Documentation concerning postponement of interest adjustment date and maturity date	<input type="checkbox"/> Documentation concerning postponement of interest adjustment date and maturity date
<input type="checkbox"/> Survey plan or certificate	<input type="checkbox"/> Survey plan or certificate
<input type="checkbox"/> Renewal or extensions of mortgage	<input type="checkbox"/> Renewal or extensions of mortgage
<input type="checkbox"/> Modification agreements which effect the mortgage, where applicable	<input type="checkbox"/> Modification agreements which effect the mortgage, where applicable
<input type="checkbox"/> Registered copy of lease for loans on leasehold estate, where applicable	<input type="checkbox"/> Registered copy of lease for loans on leasehold estate, where applicable
<input type="checkbox"/> Partial discharge or Right-of-Way Agreements, where applicable	<input type="checkbox"/> Deeds of Main levee or Servitudes, where applicable
<input type="checkbox"/> Mortgage Loan Insurance Policy	<input type="checkbox"/> Mortgage Loan Insurance Policy
	<input type="checkbox"/> Certificate of Search(es)

ONLY REQUIRED IF IN LENDER'S POSSESSION

COMMON LAW PROVINCES	PROVINCE OF QUEBEC
<input type="checkbox"/> Certificate of Charge (Alts., Men., Sask.)	<input type="checkbox"/> Party Wall Agreements, where applicable
<input type="checkbox"/> Certificate of Encumbrances (B.C.)	<input type="checkbox"/> Other title documents applicable to the mortgage in the lender's possession. Specify:
<input type="checkbox"/> Certificate of Ownership of Charge (Ont. Land Titles)	
<input type="checkbox"/> Party Wall Agreements, where applicable	
<input type="checkbox"/> Other title documents applicable to the mortgage in the lender's possession. Specify:	

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Submission of Claim, Form CMHC 2248	4
		1990-10-01

ACCOUNT PARTICULARS ENCLOSED

Page 3 of 3

☐ Detailed transcript of mortgage and tax accounts since inception including loan advancing transactions.☐ Explanation of posting symbols of accounting transactions

PROVIDE THE FOLLOWING INFORMATION IF NOT SHOWN ON TRANSCRIPT OF ACCOUNTS:

Final loan amount disbursed including M.I.F. fee _____

Final interest adjustment date _____

Interest rate _____

First payment date _____

Maturity date _____

Loan term _____

Amortization period _____

Due date of last complete instalment paid
(Not date on which payment was received) _____

Required G.P.M. Monthly Principal and Interest Mortgage Payment currently in effect _____

Monthly Tax Payment currently in effect _____

ENCLOSURES

☐ Name of municipal taxing authority and if applicable name of school taxing authority☐ Statement of property taxes paid showing type of taxes payable and tax period covered by last payments made by lender☐ Details of arrears now due from the borrower and photocopies of all correspondence on recent arrears collective action☐ Original or photocopies of receipts for borrower's charges, where applicable☐ Copy of property management agreement and monthly statements of revenue and expenditures where lender has undertaken administration of multiple family rental project.

PROPERTY INSURANCE

☐ Insurance policy(s) held by lender in respect to mortgage being sold to CMHC☐ Notice - Insurance Directive - CMHC 2249, transferring all rights, title and interest in any Fire Insurance Policy on the said property☐ If insurance policy(s) are not held by lender for housing project(s) of three or more units provide the following particulars:

- Name of insurance company
- Name/address of Agent/Broker
- Policy number
- Expiry date of policy
- Amount of building coverage

TITLE OR POSITION	DATE	SIGNATURE

CMHC 2248 11 87

FRANÇAIS AU VERSO

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Submission of Claim, Form CMHC 2248	5
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QUICK SETTLEMENT CLAIM STATEMENT

Schedule A

A. Principal balance owing on the mortgage account at date interest was due and unpaid, after allowing for any credit in tax account. (Do Not include any Borrower's charges)

\$ _____

B. Approved borrowers' charges as defined by National Housing Loan Regulation 47.

NATURE OF CHARGE	DATE PAID	AMOUNT

NOTE: SECTIONS C AND D BELOW WILL BE COMPLETED BY CMHC

\$ _____

C. Interest at the mortgage rate: on the amount specified in A. from the date interest was due and unpaid, and on each amount specified in B. from the date the charge was incurred;
 (i) for a period of six months, or
 (ii) to the date the completed application for quick settlement is received, whichever is the shorter period.

PERIOD: FROM	TO	NO. DAYS	AMOUNT	INTEREST

\$ _____

D. Interest at the mortgage rate on each amount specified in A, B, and C from the date of receipt by the Corporation of the completed application for quick settlement to the date payment is remitted to the lender by CMHC.

PERIOD: FROM	TO	NO. DAYS	AMOUNT	INTEREST

\$ _____

TOTAL SETTLEMENT \$ _____

CMHC MORTGAGE LOAN INSURANCE

Section QUICK SETTLEMENT CLAIMS	Subject Notification of Sale of Mortgage	Page 1 1990-10-01
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INTRODUCTION

When CMHC is satisfied with the acceptability of the claim, it informs the Approved Lender and instructs the lender to immediately notify, by registered mail, the parties involved in the settlement.

Note: Copies of the Approved Lender's letters referred to below and copies of the lessor's written consent, where applicable, are to be promptly submitted to CMHC.

MORTGAGOR

The mortgagor is notified of the assignment of the mortgage to CMHC.

CONDOMINIUM
CORPORATION

Where applicable, the condominium corporation is notified of the assignment of the mortgage to CMHC.

LESSOR -
LEASEHOLD ESTATE

Where applicable, the lessor is notified of the assignment of the mortgage to CMHC and, where required under the leasehold agreement, the lessor's written consent to the mortgage assignment is to be obtained.

Note: An exception occurs in the Province of Quebec where, because one of the elements of emphyteusis is the freedom to assign, no notice or consent is required.

PROPERTY TAXING
AUTHORITIES

Where the Approved Lender has a standing arrangement to receive property tax bills directly from the property taxing authority, the authorities are notified of the assignment of mortgage to CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Fire and Hazard Insurance	1
		1990-10-01

INTRODUCTION

This Subject describes the documentation or information required to be submitted with the Quick Settlement Claim, Form CMHC 2248.

Note: For illustration of form, see 0503-03.

INSURANCE POLICY

Any insurance policy, with respect to fire and other standard insurable perils, being held by the lender relating to the mortgage being sold to CMHC must be submitted with the Quick Settlement Claim.

CLAIM ON
HOUSING PROJECT

Where the lender has filed an application for Quick Settlement on a housing project consisting of three or more units, and is not in possession of the fire insurance policy for the project, it must include the following information with the application:

- the name of the insurance company
- the name and address of the agent/broker
- the policy number
- the expiry date, and
- the amount of building coverage.

NOTICE - INSURANCE
DIRECTIVE - FORM
CMHC 2249

To effect the transfer of the mortgagee's interest in the insurance coverage, form CMHC 2249 is completed by the lender (see illustration on page 2).

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Fire and Hazard Insurance	2
		1990-10-01

 Canada Mortgage
and Housing Corporation Société canadienne
d'hypothèques et de logement

Canada

NOTICE - INSURANCE DIRECTIVE / AVIS - DIRECTIVES RELATIVES À L'ASSURANCE

TO THE INSURING COMPANY OR ITS AUTHORIZED AGENT
À LA COMPAGNIE D'ASSURANCE OU À SON AGENT AUTORISÉ

CMHC/SCHL 2248
5/81

CMHC Account No./N° de compte SCHL:	Lender's Reference No.: N° de référence du Prêteur:	Fire Insurance Policy No.: N° de la Police d'Assurance - Incendie:
Name of Insurance Company/Nom de la Compagnie d'Assurance:		
Re - Mortgagor's Name/Objet - Nom du Débiteur Hypothécaire:		
Civic Address/Adresse:	Brief Legal Description/Brève Description Légale:	

This is to inform you that

La présente vous informe que

has sold its first mortgage on the above identified
property to:

a vendu sa créance hypothécaire de premier rang sur la
propriété identifiée ci-dessus à

CANADA MORTGAGE AND HOUSING
CORPORATIONLA SOCIÉTÉ CANADIENNE D'HYPOTHÈQUES
ET DE LOGEMENT

and hereby transfers all rights title and interest in
any Fire Insurance Policy on the said property.
This will be your good and sufficient authority to
arrange for the issuance of an endorsement covering
the loss payable clause to CMHC.

et cède par la présente tous ses droits, titres et intérêts
relatifs à toute police d'assurance - incendie sur ladite
propriété. La présente vous servira d'autorisation valide
et suffisante pour l'émission d'un avenant relatif aux pertes
payables à la SCHL.

Please attend to the above matter immediately and
send one original signed endorsement to the insured
for attachment to his Fire Insurance Policy and one
copy to CMHC at the following address:

Veuillez vous occuper de cette affaire immédiatement et
envoyer l'original signé de l'avenant à l'assuré pour qu'il
l'annexe à sa police et une copie à la SCHL à l'adresse
suivante:

Approved Lender's name: Nom du Prêteur Approuvé:	
Date:	Signature:

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Condominium/Strata - Common Expenses/Special Assessment Arrears	1
		1990-10-01

INTRODUCTION

All common expense arrears, including outstanding special assessments, are paid by the Approved Lender.

SUBMISSION OF
ARREARS AMOUNTS

Expense arrears and special assessment amounts are included in the Quick Settlement Claim, form CMHC 2248, under borrower's charges.

- Note:
1. The amounts are as of the date the application for Quick Settlement is filed with CMHC.
 2. The amounts rank in priority to a Graduated Payment Mortgage being sold under the Quick Settlement option to CMHC.

NOTIFICATION
OF LIEN BEFORE
SETTLEMENT OF CLAIM

Any notification of lien for condominium/strata common expense arrears may be received by the Approved Lender:

- after application for Quick Settlement has been filed with CMHC, and
- for which payment by CMHC is still outstanding.

In this case, the notification must be sent to CMHC immediately, with the CMHC account number properly identified.

NOTIFICATION
OF LIEN AFTER
SETTLEMENT OF CLAIM

When any notification of a lien for common expense arrears is received by an Approved Lender, the notice is forwarded immediately to CMHC where:

- the GPM mortgage has already been sold, and

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
QUICK SETTLEMENT CLAIMS	Condominium/Strata - Common Expenses/Special Assessment Arrears	2
		1990-10-01

NOTIFICATION
OF LIEN AFTER
SETTLEMENT OF CLAIM
(Cont'd)

- settlement was made by CMHC.

The CMHC account number must be properly
identified and forwarded to CMHC.

ACCEPTANCE OF
APPLICATION

When advised by CMHC of the acceptance of the
application for Quick Settlement, the Approved
Lender immediately notifies the Condominium
Corporation of the imminent assignment of the
mortgage to CMHC.

Such notice is in accordance with the procedure
outlined in 0503-04.



CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FILING CLAIMS	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with the claims which can be made in addition to those outlined in 0502-01.

For details, refer to location numbers indicated.

SUPPLEMENTARY CLAIMS

Additional claims may be made after a claim has been submitted or settled. Certain restrictions apply.

(0504-02)

SECOND MORTGAGES

Filing claims for second mortgages is similar to first mortgages including borrower's charges.

(0504-03)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FILING CLAIMS	Supplementary Claims	1
		1990-10-01

INTRODUCTION

Supplementary claims can be made after settlement has been made (see 0503-03).

OCCURRENCES

Supplementary claims usually represent additional borrower's charges not submitted in time to be included in the original claim settlement.

In some cases, supplementary claims result from the lender disbursing payments for borrower's charges, as defined under Regulation 47, after title to a property has been conveyed to CMHC.

FILING PERIOD

All supplementary claims, complete with supporting documentation, are to be submitted by Approved Lenders within the six month period following payment by CMHC of the initial claim settlement.

Any such claims forwarded after the six month period are not considered for reimbursement.

SUBMITTING CLAIMS

Borrower's charges and supportive documentation are batched together to expedite the remittance of supplementary claim cheques and the turnaround time for payment by CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FILING CLAIMS	Second Mortgages	1
		1990-10-01

INTRODUCTION

This Subject provides information for claims made on second mortgages.

CLAIM DOCUMENTATION
AND FILING PERIODS

Claims against the Mortgage Insurance Fund for insured second mortgage loans are processed in a similar manner as an NHA first mortgage.

Statement of Claim Under NHA Mortgage Insurance, form CMHC 1046 is used (see 0501-04).

Note: All disbursements by the second mortgagee made in connection with the first mortgage must be reported, as a borrower's charge, in Section B of the claim form.

Filing periods for claims are as follows:

Deficiency Claim - within 30 days from the sale closing date (see 0502-02).

Conveyance of Title - within 45 days from the point of acquiring title to the property (see 0502-03).

Assignment of Mortgage Claim - within 45 days of CMHC directing the lender to proceed by assignment (see 0502-04).

BORROWER'S CHARGES

All borrower's charges that apply for NHA first mortgages also apply for NHA second mortgages.

Disbursements made by the second mortgagee in connection with the first mortgage are eligible only with prior approval by CMHC.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FILING CLAIMS	Second Mortgages	2
		1990-10-01

BORROWER'S CHARGES
(Cont'd)

The cost of fee appraisal reports where prior approval was obtained from CMHC is an acceptable borrower's charge.

When a lender files claims on both its insured first and second mortgages, CMHC determines which expenses are charged to which claim, based on particular circumstances.

Note: In most cases, the expenses are charged to the first mortgage claim.

ADDITIONAL
DOCUMENTATION

In all cases where fewer than 12 regular monthly payments were received, lenders are required to include in the claim documentation evidence of the following:

- that the applicant's income was verified to ensure it was sufficient to meet the required payments
- that the required downpayment was verified to come from the applicant's own resources rather than from borrowing (e.g. borrowed funds)
- that the applicant's credit worthiness was verified and determined to be acceptable for loan purposes.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
CLAIM PAYMENT TECHNIQUES	Overview	1
		1990-10-01

INTRODUCTION

This Section deals with recent amendments to the National Housing Act whereby CMHC has expanded the methods by which a claim may be paid.

CMHC MORTGAGE LOAN INSURANCE

Section CLAIM PAYMENT TECHNIQUES	Subject General	Page 1
		1990-10-01

INTRODUCTION

Following amendments to the National Housing Act, CMHC has expanded the methods by which a claim may be paid. The new claim settlement techniques include the payment stream alternative under NHA section 14.6 and interim partial payment technique under NHA section 14.7.

PAYMENT STREAM
ALTERNATIVE

Under the payment stream alternative, where the lender has transferred title to CMHC or assigned its claim to CMHC, CMHC may prefer to delay full payment of part of the claim.

At CMHC's discretion, the lender will receive an initial settlement which equals the arrears plus legal and other borrower's costs incurred by the lender. This may be called the "reinstatement payment".

Regular payments of principal and interest as per the mortgage contract will then follow as if the account were current, and CMHC will pay the balance on the mortgage maturity date. However, at the time CMHC may choose to terminate these regular payments and make a final claim settlement.

The lender and CMHC may agree to a variation of this arrangement.

INTERIM PARTIAL
PAYMENT METHOD

With respect to the interim partial payment method CMHC may elect at its discretion to make one or more "advances" to the lender during the default stages or early claim stages. The lender will proceed to complete its legal action and claim submission.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
CLAIM PAYMENT TECHNIQUES	General	2
		1990-10-01

INTERIM PARTIAL
PAYMENT METHOD
(Cont'd)

In calculating the claim amount payable, CMHC will receive a credit for all advances made plus interest on advances. The balance of the claim account will finally be paid to the lender in settlement of the claim.



CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INSURED SECOND MORTGAGES	Chapter Overview	1
		1990-10-01

INTRODUCTION

This Chapter deals with the loan administration of insured second mortgage loans and matters relating to collection, arrears reporting and claims of the loans.

LOAN ADMINISTRATION

General information is provided on this type of loan.

(0601-02)

COLLECTION, ARREARS
REPORTING AND CLAIMS

Information of a general nature is provided.

(0601-03)

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
INSURED SECOND MORTGAGES	Loan Administration	1
		1995-04-20

INTRODUCTION

Policies relating to both first and second mortgage loans are the same in most instances.

The following particulars apply to notification, fire insurance, property taxes and mortgage assumption and postponement.

NOTIFICATION

The second mortgagee must ensure that the first mortgage is in good standing before advances are made, and that the first mortgagee permits a second mortgage on the property.

Immediately following the registration of the second mortgage, the second mortgagee must send written notice of his/her interest in the mortgaged property, to the first mortgagee.

FIRE INSURANCE

The Approved Lender must ensure that the interests of the mortgagee are protected by fire insurance and insurance against other standard insurable perils. Adequate fire insurance is deemed to be in an amount equal to the full replacement value of the building. The Approved Lender must also be included as an additional loss payee insured, as its interest may appear.

PROPERTY TAXES

The second mortgagee decides whether to place the loan under repayment for principal and interest only. If the second mortgagee does not collect taxes, he/she must be satisfied that they have been paid each year.

MORTGAGE ASSUMPTION

The lender is to use his/her own discretion on the following matters related to assumption of the mortgage:

- on sale
- approval of a subsequent purchaser
- assumption of the mortgage

CMHC MORTGAGE LOAN INSURANCE

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INSURED SECOND MORTGAGES	Loan Administration	2
		1990-10-01

MORTGAGE
POSTPONEMENT

An Approved Lender may consent to requests for the postponement of the NHA-insured second conditions:

Upon Renewal of a Matured Prior First Mortgage:

- provided the amount refinanced does not exceed the principal balance owing on the mortgage plus costs and disbursements. The renewal of the first mortgage should reflect competitive interest rates and the remaining amortization period must not be increased beyond its original period; or

Refinancing of a Prior First Mortgage:

- provided it is to obtain more favourable terms in respect of interest rate, monthly payments, etc. This is conditional that the refinancing does not:
 - exceed the actual principal balance (plus any reasonable prepayment penalties, costs and disbursements) owing at the time of refinancing; and
 - extend the amortization period beyond the remaining amortization period of the NHA-insured second mortgage; or

Increasing the First Mortgage

- provided the increase is being used to reduce the NHA-insured second mortgage loan, and that the terms of that first mortgage (as increased) are not more onerous than the original first mortgage terms.

Note: If the funds are to be used for some other purpose, CMHC's approval is required prior to the granting of any postponement of the second mortgage.

CMHC MORTGAGE LOAN INSURANCE

Section INSURED SECOND MORTGAGES	Subject Collection, Arrears Reporting and Claims	Page 1
		1990-10-01

INTRODUCTION

General information follows on collection, arrears reporting and claims.

COLLECTION

It is expected that prudent lenders will follow similar collection procedures as those prescribed for homeowner loans secured by a first mortgage.

Lenders, however, must take into consideration the secondary nature of the security and, hence, the need for timeliness in responding to a serious arrears situation under the first or second mortgage.

ARREARS REPORTING

For information relating to the reporting of insured second mortgage loans in arrears, see 0305-02 and 0305-04.

CLAIMS

When submitting claims, lenders are expected to proceed either by Conveyance of Title, Sale and Deficiency Claim, or Assignment of Mortgage, as directed by CMHC.

For information regarding Claim Documentation and Filing Periods, Borrower's Charges and Claim Audit, see 0504-03.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
APPENDIX - GENERAL	Chapter Overview	1
		1990-10-01

INTRODUCTION

This Chapter allows for supplementary material to be added to the manual.

APPENDIX - GENERAL

The glossary contains definitions of words or phrases that the reader may generally encounter in the manual which have not been explained within the context of the subject matter.

(9901-02)

INSURANCE SERVICING

IS 9901-02

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
APPENDIX - GENERAL	Glossary	1
		1990-10-01

APPROVED LENDER

This refers to a lender who is authorized by CMHC to make and administer loans insured under the National Housing Act.

CMHC

This is the abbreviation for Canada Mortgage and Housing Corporation which administers the National Housing Act.

NHA

This is the abbreviation for the National Housing Act.

CMHC MORTGAGE LOAN INSURANCE

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<u>FORM NUMBER</u>	<u>TITLE</u>
CMHC 530	Request - Undertaking to Insure*
CMHC 897	Report - Conventional Loans Approved On Real Estate
CMHC 987	Report of Loans in Arrears
CMHC 1046	Statement of Claim Under NHA Mortgage Insurance
CMHC 1934	Notice - Assisted Home Ownership Program/Assisted Rental Program
CMHC 2182	Application to Assume ARP Agreement/Mortgage
CMHC 2248	Quick Settlement Claim and Assignment of Graduated Payment Mortgage
CMHC 2249	Notice - Insurance Directive
CMHC 2790	Status of Insured Second Mortgage Loan Arrears
CMHC 2846	Delinquent Account Analysis
CMHC 2886	Special Payment Analysis Worksheet - Approval Homeowner Borrowers
CMHC 2889	Assignment of Mortgage - Undertakings

*Completion Instructions for CMHC 530 are contained in Administrative Guide - Home Ownership Loans - First Mortgages, NHA 5551.

CMHC MORTGAGE LOAN INSURANCE

Section

Subject

Page

FORMS COMPLETION

Report - Conventional
Loans Approved on
Real Estate

1990-10-01

Canada Mortgage
and Housing Corporation Société canadienne
d'hypothèques et de logementREPORT - CONVENTIONAL LOANS APPROVED ON REAL ESTATE
RAPPORT - PRÊTS ORDINAIRES APPROUVÉS SUR PROPRÉTÉ IMMOBILIÈRE

Canada

FOR CMHC USE ONLY / RÉSERVE À LA SCHL			
LENDER / PRÊTEUR	PROCESS DATE / DATE	STATUS DATE / DATE	CODE / N°
1, 5	6, 9	10, 13	14, 15, 16

Check Applicable / Vérifier à propos	0
New Construction / Nouvelle construction	1
Existing Property / Propriété existante	1

INSTITUTION REPORTING / INSTITUTION FAISANT RAPPORT	2
---	---

H.O. ADDRESS / ADRESSE S.S.	3
-----------------------------	---

FOR MONTH OF / POUR LE MOIS DE	3
--------------------------------	---

PROVINCE	SINGLE-DETACHED DWELLINGS MAISONS INDIVIDUELLES			EXCLUDING CONDOMINIUM SAUF COPROPRIÉTÉ			MULTIPLE DWELLING STRUCTURES / BÂTIMENTS À LOGEMENTS MULTIPLES			CONDOMINIUM / COPROPRIÉTÉ		
	LOANS PRÊTS	AMOUNT/MONTANT (Nearest Dollar/Au dollar près)	UNITS LOGEMENTS	LOANS PRÊTS	AMOUNT/MONTANT (Nearest Dollar/Au dollar près)	UNITS LOGEMENTS	LOANS PRÊTS	AMOUNT/MONTANT (Nearest Dollar/Au dollar près)	UNITS LOGEMENTS	LOANS PRÊTS	AMOUNT/MONTANT (Nearest Dollar/Au dollar près)	
ALB	0	0	0	0	0	0	0	0	0	0	0	
BC	0	0	0	0	0	0	0	0	0	0	0	
MB	0	0	0	0	0	0	0	0	0	0	0	
NS	0	0	0	0	0	0	0	0	0	0	0	
NT	0	0	0	0	0	0	0	0	0	0	0	
ON	0	0	0	0	0	0	0	0	0	0	0	
PE	0	0	0	0	0	0	0	0	0	0	0	
QC	0	0	0	0	0	0	0	0	0	0	0	
SK	0	0	0	0	0	0	0	0	0	0	0	
YK	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	0	0	0	

PROVINCE	CONDO CONVERSION/CONVERSION DE COPROPRIÉTÉ	FARM MAISON DE FERME	OTHER REAL ESTATE/AUTRE PROP. IMM.
LOANS PRÊTS	UNITS LOGEMENTS	AMOUNT/MONTANT (Nearest Dollar/Au dollar près)	LOANS PRÊTS
ALB	0	0	0
BC	0	0	0
MB	0	0	0
NS	0	0	0
NT	0	0	0
ON	0	0	0
PE	0	0	0
QC	0	0	0
SK	0	0	0
YK	0	0	0
TOTAL	0	0	0

FOR TRUST COMPANIES ONLY / COMPAGNIES DE FIDUCIE SEULEMENT	
FUND TYPE / TYPE DE FONDS	AMOUNT/MONTANT
9	9
OTHER TRUST COMPANIES/AUTRES QUE COMPAGNIES DE FIDUCIE	
TOTAL	

DATE	NAME & TITLE NOM ET TITRE	SIGNATURE

CMHC SCHL 597 12 63

CMHC MORTGAGE LOAN INSURANCE

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EXPLANATORY NOTES

The information on operations of individual companies will be treated confidentially and only aggregates will be made available to the co-operating Lending Institutions and the general public. Trust Companies are asked to include information on mortgage lending activity from estates, trusts and agency funds, as well as from company and guaranteed funds. When allocating the distribution of funds, i.e., company and guaranteed etc., do not include the totals shown for Condominium Conversions.

The form is to be completed in duplicate each month. The original is to be forwarded to your Association if you participate in this manner, or directly to Statistical Services Division, Canada Mortgage and Housing Corporation, National Office, 682 Montreal Road, Ottawa, Ontario K1A 0P7, if you participate direct. Association is Canadian Bankers' Association, P.O. Box 282, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario, M5K 1K2.

DEFINITIONS

1. **RESIDENTIAL REAL ESTATE** Structures designed for permanent habitation. Property serving several purposes e.g. a building comprising a store on the first floor and living quarters on the second floor or at the back of the store, should be classed as residential unless the living accommodation provided on the premises is incident to the project, such as living accommodation for a watchman at a plant.

2. **OTHER REAL ESTATE** Includes such commercial structures as hotels, stores, office buildings, garages, theatres and warehouses, industrial plants, institutional properties and vacant land.

3. **SINGLE-DETACHED DWELLING** A structure containing only one dwelling unit which is completely separated on all sides from any other dwelling or structure.

4. **MULTIPLE DWELLING STRUCTURES**

(a) Includes all other residential structures comprising two or more units, e.g. semi-detached, duplex and triplex, double-duplex row, garden and terrace houses, flat and apartment buildings.

(b) **CONDOMINIUM** is a multiple structure as defined in 4(a) above but financed under a registered condominium or strata title plan.

(c) **CONVERSION TO CONDOMINIUM** refers to mortgage loans on multiple dwelling structures converted from rental to condominium. If the conversion is made prior to the loan being fully advanced, it is to be reported as new housing, other such conversions are to be reported as existing housing.

5. **LOANS APPROVED** includes all commitments made by the lending institutions on the security of a mortgage hypothec, on conventional terms, excluding those made under the National Housing Act, whether or not advances have been made. Some of the commitments may be cancelled later. The figures shown therefore, are gross figures. Loans Approved refer to mortgages only and exclude Agreements for Sale and Mortgage accounted as the result of sales of foreclosed real estate. Exclude mortgages taken as collateral security on loans for other purposes or mortgages taken as security for other financing.

6. Separate report forms are to be completed as indicated at the top of the reverse side of this form as follows:

(a) **NEW CONSTRUCTION** Includes loans made for the erection of new structures or major additions and improvements to existing structures, provided that the additions or improvements create new units for residential, industrial, commercial or institutional purposes. Exclude loans for additions or improvements made on existing property if they do not create additional units of living or working space, but include them under "Loans Approved on Existing Property".

(b) **EXISTING PROPERTY** Includes loans for the purchase and refinancing of existing property, the improvement of both land and structures except major improvements creating additional units of living or working space mentioned above.

Figures should be given to the nearest dollar, please omit cents.

NOTES EXPLICATIVES

Les renseignements sur l'activité d'une compagnie particulière seront traités confidentiellement et seuls les chiffres globaux seront accessibles aux institutions prêteuses co-opératrices et au public en général. Les compagnies de fiducie sont priées d'inclure les renseignements sur les prêts hypothécaires consentis à même les fonds de succession, de fiducie et d'agence ainsi qu'à même les fonds de compagnie et les fonds garantis. En répartissant l'attribution de fonds, c'est-à-dire de compagnie et garantis et le reste, ne pas inclure les totaux indiqués à l'égard de conversions en copropriété.

La formule doit être remplie en double chaque mois. L'original doit être transmis à votre Association si tel est votre moyen de participer, ou directement à la Division des Services statistiques, Société canadienne d'hypothèques et de logement, Bureau national, 682 chemin Montréal, Ottawa, Ontario, K1A 0P7, si vous participez directement. L'Association est: L'Association des banquiers du Canada, C.P. 282, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario M5K 1K2.

DEFINITIONS

1. **PROPRIÉTÉ RESIDENTIELLE** Bâtiment destiné à servir d'habitation permanente. Une propriété qui sert à plusieurs fins, e.g. un bâtiment qui contient un magasin au rez-de-chaussée, et un logement au premier étage ou à l'arrière du magasin, doit être classée comme propriété résidentielle, sauf si le logement compris dans le bâtiment n'y est qu'accessoire, comme dans le cas d'un logement pour le gardien d'une usine.

2. **AUTRE PROPRIÉTÉ IMMOBILIÈRE** Comprend un bâtiment commercial, soit un hôtel, un magasin, un immeuble à bureaux, un garage, un théâtre, un entrepôt, une usine industrielle, une institution ou du terrain vague.

3. **MAISON INDIVIDUELLE** Une construction d'un seul logement, complètement séparée de tous côtés de tout autre logement ou bâtiment.

4. **BÂTIMENT À LOGEMENTS MULTIPLES**

(a) Comprend toute autre construction résidentielle contenant deux logements ou plus, e.g. jumelles, duplex et triplex, duplex double, maison en rangée, sur jardin et en terrasse, logement de plain-pied et triplex, etc.

(b) **COPROPRIÉTÉ** construction à multiples logements, conforme à la définition donnée en 4(a) précédent, mais financée aux termes d'un plan enregistré de copropriété ou de titre communautaire.

(c) **CONVERSION EN COPROPRIÉTÉ** prêts hypothécaires sur des constructions à multiples logements, convertis de logement àoyer en copropriété. Si la conversion se fait avant que le prêt ne soit entièrement avancé, le rapport doit mentionner une nouvelle construction, autrement il doit mentionner une construction existante.

5. **PRÊTS APPROUVÉS** Comprend tous les engagements pris par les institutions prêteuses, garantis par un hypothèque ou une hypothèque à des conditions conventionnelles, à l'exclusion de ceux qui ont été pris aux termes de la Loi nationale sur l'habitation que des avances aient été versées ou non. Certains engagements peuvent être annulés plus tard. Les chiffres indiqués seront donc des chiffres bruts. Les prêts approuvés se rapportent aux hypothèques seulement, à l'exclusion des conventions de vente (agreements for sale) et des hypothèques acceptées par suite de la vente d'une propriété immobilière saisie. Ne pas inclure les hypothèques prises comme garantie collatérale sur des prêts destinés à d'autres fins ou les hypothèques prises en garantie d'un financement étranger.

6. Des formules de rapport distinctes doivent être remplies selon l'indication en tête du recto de cette formule d'après les renseignements suivants:

(a) **NOUVELLE CONSTRUCTION** Comprend les prêts qui sont consentis pour construire des nouveaux logements ou des rajouts et pour effectuer des améliorations importantes aux bâtiments déjà construits, à la condition que ces rajouts ou améliorations procurent de nouvelles unités destinées à des fins résidentielles, industrielles, commerciales ou institutionnelles. Ne pas inclure les prêts consentis pour des rajouts ou des améliorations à une propriété existante, si ces travaux ne créent pas des aires d'habitation ou de travail additionnelles, mais les inclure sous la rubrique "Propriétés existantes".

(b) **PROPRIÉTÉ EXISTANTE** Comprend les prêts destinés à l'achat ou au refinancement d'une propriété existante, à l'amélioration d'un terrain et de bâtiments, à l'exclusion des améliorations importantes mentionnées ci-dessus qui procurent des aires distinctes d'habitation ou de travail.

Les chiffres devraient être indiqués au dollar près. Veuillez omettre les cents.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Report - Conventional Loans Approved on Real Estate	3
		1990-10-01

1. Indicate whether New Construction or Existing Property.
2. Institution Reporting - Enter name of Approved Lender or non-Approved Lender reporting the Conventional Loans Approved on Real Estate.
3. For Month of - Enter the month in which loans are approved.
4. Loans - Enter Total Loans Approved for Conventional Lending.
5. Amount - Enter Dollar Amount approved for Conventional Lending.
6. Units - Enter Total Units approved for Conventional Lending.

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

CMHC 975

Section	Subject	Page
FORMS COMPLETION	Report - Sale of NHA Insured Loans	1
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PLEASE SUBMIT IN
DUPLICATE**REPORT - SALE OF NHA INSURED LOANS**
(ALL SALES OF NHA INSURED LOANS ARE TO BE REPORTED WITHIN 30 DAYS
BY THE APPROVED LENDER ADMINISTERING AT THE TIME OF SALE)CMHC 975
1/84

TO: Director, Statistical Services, Canada Mortgage and Housing Corp., Ottawa, Canada K1A 0P7					
NAME OF REPORTING LENDER 1			ADDRESS		
For value received, We 2			ADDRESS		
NAME: THE OWNER(S), HAVE SOLD THE NHA INSURED LOANS LISTED HEREUNDER					
TO: (MAY BE OMITTED WHERE MORTGAGE LOAN INSURANCE POLICY NOT ASSIGNED) 3			4 WHICH IS <input type="checkbox"/> AN APPROVED LENDER IS NOT <input type="checkbox"/>		
AND 5					
<input type="checkbox"/> WE HEREBY FORMALLY ASSIGN OUR RIGHT TITLE AND INTEREST IN THE MORTGAGE LOAN INSURANCE <input type="checkbox"/> WE HAVE NOT FORMALLY ASSIGNED POLICIES ISSUED BY CMHC FOR THE SAID LOANS					
CMHC REF. NUMBER	LENDER'S REF. NUMBER	PRINCIPAL BALANCE OUTSTANDING EXCLUDING ACCRUED INTEREST	CMHC REF. NUMBER	LENDER'S REF. NUMBER	PRINCIPAL BALANCE OUTSTANDING EXCLUDING ACCRUED INTEREST
6	7	8			
CONTINUE ON REVERSE IF NECESSARY					

9 THE PURCHASER,
☐ A CANADIAN RESIDENT OR ☐ A NON-RESIDENT (WHERE THE PRINCIPAL IS DOMICILED OUTSIDE CANADA).
IS CLASSIFIED AS CHECKED BELOW

<input type="checkbox"/> LIFE INSURANCE COMPANY	10 <input type="checkbox"/> FRATERNAL SOCIETY	<input type="checkbox"/> INVESTMENT DEALER
<input type="checkbox"/> MORTGAGE LOAN COMPANY (incl. the Investors Group)	<input type="checkbox"/> CHARTERED BANK	<input type="checkbox"/> OTHER CORPORATE INVESTOR
<input type="checkbox"/> TRUST COMPANY (Capital and Guaranteed Funds)	<input type="checkbox"/> SAVINGS BANK	
<input type="checkbox"/> TRUST COMPANY (Estate, Trust and Agency Funds excluding Pension Funds)	<input type="checkbox"/> PENSION OR RETIREMENT FUND (incl. those administered by Trust Co's)	<input type="checkbox"/> NON-CORPORATE INVESTOR

DATE 11	NAME OF INSURED AT TIME OF SALE 12	13
SIGNATURE OF AUTHORIZED OFFICER		

TO CANADA MORTGAGE AND HOUSING CORPORATION

The loans will be administered by the undersigned Approved Lender

DATE	NAME OF APPROVED LENDER
SIGNATURE OF AUTHORIZED OFFICER	

ACKNOWLEDGMENT

Notice of the foregoing is hereby acknowledged

DATE	
FOR CANADA MORTGAGE AND HOUSING CORPORATION	

FRANÇAIS AU VERSO

CMHC MORTGAGE LOAN INSURANCE

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1. Name of Reporting Lender - Enter the name and address of the Approved Lender reporting the sale or transfer of the NHA insured loans.
2. Name - Enter the name of the owner(s) (previous Approved Lender) who have sold or transferred the NHA insured loans.
3. To - Enter the name and address of the party to whom the NHA insured loan is sold or transferred.
4. Indicate whether the buyer is or is not an Approved Lender.
5. Indicate whether or not the interest in the mortgage loan insurance policy is formally assigned.
6. CMHC Ref. Number - Enter the CMHC eight digit account number.
7. Lender's Ref. Number - Enter the new lender's reference number.
8. Principal Balance Outstanding Excluding Accrued Interest - Enter the principal balance of the mortgage excluding the accrued interest.
9. Indicate whether the purchaser is or is not a Canadian resident.
10. Indicate the category type of purchaser (e.g. bank, trust company, etc.).
11. Date - Enter the transaction date of the sale or transfer and not the date the form is signed.
12. Name of Insured at Time of Sale - Enter the name of the previous Approved Lender who administered the mortgage.
13. Signature of Authorized Officer - Enter the name and signature of the official forwarding the report to CMHC.

Section

FORMS COMPLETION

Subject

Report of Loans in Arrears

Page 1

1999-11-19

TO / À : CMHC, National Office
Schl, Bureau national
Insurance Services Div./Adm. de l'assurance
700 Montreal Rd / Chemin de Montréal
Ottawa, Ontario
K1A 0P7

FROM / DE : _____

1

Name / Nom _____

Address / Adresse _____

REPORT OF LOANS IN ARREARS
RAPPORT DES PRÊTS EN SOUFFRANCE

Protected when completed / Protégé une fois rempli

The following Mortgage Loans, payable by monthly instalments, were in arrears in amounts equal to or exceeding three (3) instalments of principal, interest and taxes, or in default at the end of the month by reason of failure to complete the work of construction as a result of bankruptcy, insolvency or otherwise, or in arrears in any amount, or not payable by quarterly, semi-annual, or annual instalments as at the month ending _____

Les prêts hypothécaires suivants, remboursables en mensualités, étaient en souffrance d'un montant égal à trois (3) mensualités ou plus, comportant principal, intérêt et taxes, ou en défaut de terminer les travaux de construction en raison de faillite, d'insolvabilité ou d'une autre cause, ou en souffrance d'un montant quelconque, en ce qui concerne les prêts remboursables trimestriellement, semestriellement ou annuellement à la fin du mois terminé le _____

CMHC NO. N° SCHL	LENDERS NO. N° DU PRÊTEUR	TOTAL ARREARS TOTAL DES ARRIÈRES	DUE DATE OF LAST FULL INSTALLMENT PAID ÉCHÉANCE DU DERNIER VERSEMENT PAYÉ	PROJECT AND PRINCIPAL'S NAME NOM DU PROJET ET DES PROPRIÉTAIRES	CIVIC ADDRESS ADRESSE	TYPE OF LOAN OBRÈ DE PRÊT	LENDERS DEFAULT PHONE NO. ADRESSE RESPONSABLE DU DÉFAUT ET NUMÉRO DE TÉLÉPHONE	REMARKS: REMARQUES: Provide Cause of Default, Name of Borrower, Amount, Status of Construction or Larger Detail, Date Reported by Default. Donnez le motif de défaut de paiement, le nom du prêteur et son adresse, la somme en défaut, le statut du prêt et la date de notification par défaut. Note: Do not write your name on this form.	ANTICIPATED ACQUISITION DATE DATE D'ACQUISITION PRÉVUE
4	5	6	7	8	9	10	11	12	13
<div style="display: flex; justify-content: space-between;"> <div> <p>TOTALS</p> <p>← TOTAL →</p> </div> <div style="text-align: center; font-size: 2em;">14</div> </div>									

I hereby certify that the above represents all the arrears on insured loans to be reported in accordance with Section 40 of the National Housing Loan Regulations or all the arrears on joint loans to be reported in accordance with the lending institution agreement.

Je certifie par les présentes que les montants susmentionnés représentent tous les prêts assurés en souffrance dont il faut faire rapport conformément aux dispositions de l'article 40 du Règlement national sur les prêts pour habitation ou tous les prêts comportant en souffrance dont il faut faire rapport conformément aux stipulations préétablies.

Date _____

Name (Please Print) / Nom (Écrire en lettres moulées) _____

Title / Titre _____

Signature _____

15

16

17

18

REPORT FOR / RAPPORT POUR

☐ ASSUMED / ASSURÉ

☐ JOINT / CONJOINT

☐ AGENCY / D'AGENCE

19

CMHC SCHL

Canada

CMHC MORTGAGE LOAN INSURANCE

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INSTRUCTIONS

GENERAL

Where the Approved Lender is successful in reducing arrears below the reporting level required by Regulation 40, only one "NIL" report will be required.

REPORT

1. Once a claim has been submitted, the loan should be reported during the month, showing no arrears and the Remarks column indicating date claim submitted. The account is to be deleted from subsequent reports.
2. Separate reports for Insured, Agency and Joint Loans.
3. When reporting Insured Loans, submit separate reports for multiple and single loans.
4. Report within thirty days from the end of each calendar month, the arrears on Insured or Agency Loans to the National Office of Canada Mortgage and Housing Corporation.
5. Joint Loan arrears reports are to be submitted quarterly in accordance with the Lending Institution Agreements.

PROJECT AND PRINCIPAL'S NAME

Complete this for multiple loan accounts only.

REMARKS

1. Refer to Insurance Servicing Manual, IS 0305-02 and 0305-03, CMHC Mortgage Loan Insurance Handbook.
2. Indicate clearly all steps taken to remedy arrears; status of collection action or legal action. Where legal action has commenced, provide the dates of the various steps taken in the proceedings together with the respective waiting periods.
3. Indicate the Cause of Default by noting one or more of the following factors:
 - 1) Builder deviated or surpassed approved plans and specifications.
 - 2) Standards and/or approved building materials were inadequate.
 - 3) Cost overruns.
 - 4) Bankruptcy.
 - 5) Builder's experience.
 - 6) Market failure.
 - 7) Lack of property management skills.
 - 8) Other - specify.

ANTICIPATED ACQUISITION DATE

1. Complete this for multiple loan accounts only.
2. Indicate approximate date of acquisition by lender.
3. Where acquisition not anticipated, indicate by "Not Anticipated".

TYPE OF LOAN

Indicate by number, the type of loan being reported:

- 1) Sections 8.1, 9, 10 Assisted Loans:
 - 1A) Assisted Rental Program (ARP)
 - 1B) For RRAP Purposes
 - 1C) Graduated Payment Mortgages (GPM) - Rental
 - 1D) Non-Profit Corporation
 - 1E) Non-Profit Co-operative
 - 1F) Assisted Home Ownership Program (AHOP)
- 2) Sections 8.1, 9, 10 Non-Assisted Loans.

INSTRUCTIONS

GÉNÉRALITÉS

Si le prêteur agréé réussit à réduire les arriérés en deçà du niveau devant faire l'objet d'un rapport, selon les stipulations de l'article 40 du Règlement national sur les prêts pour l'habitation, un seul rapport «NÉANT» suffit.

RAPPORT

1. Suivant la présentation d'une demande de règlement, on doit signaler le compte pendant ce mois courant en indiquant à la colonne Remarques, la date où la demande a été présentée, sans faire mention des arriérés. Le compte sera rayé des rapports ultérieurs.
2. Établir séparément le rapport des prêts assurés, prêts d'agence et prêts conjoints.
3. Lorsqu'il s'agit de prêts assurés, présenter des rapports distincts, l'un pour les ensembles de logements collectifs et l'autre pour les maisons individuelles.
4. Présenter trente jours, au plus tard, après la fin de chaque mois civil, le rapport des arriérés accusés par les prêts assurés ou les prêts d'agence. L'adresser au Bureau national de la Société canadienne d'hypothèques et de logement.
5. Il faut présenter trimestriellement les rapports sur les prêts conjoints en souffrance, conformément aux dispositions des contrats passés avec les établissements de prêts.

NOM DU PROJET ET DES PROPRIÉTAIRES

Ne remplir cette section que pour les comptes de prêts relatifs aux ensembles de logements collectifs.

REMARQUES

1. Se reporter au Manuel de l'assurance-prêt hypothécaire SCHL, Administration de l'assurance, AA 0305-02 et 0305-03.
2. Clairement indiquer toutes les mesures correctrices qui ont été prises au sujet des arriérés; l'état des mesures de recouvrement ou de toute poursuite. Si l'on a entamé une procédure judiciaire, donner la date des diverses étapes connexes et mentionner les délais entre chacune.
3. Indiquer la cause du défaut de paiement par la mention d'un ou plusieurs des facteurs suivants:
 - 1) Dérogation ou dépassement des plans et spécifications approuvés, attribuable au constructeur.
 - 2) Normes et (ou) matériaux de construction approuvés, insuffisants.
 - 3) Dépassement de devis.
 - 4) Faiblesse.
 - 5) Manque d'expérience du constructeur.
 - 6) Faiblesse du marché.
 - 7) Manque d'aptitudes en gestion immobilière.
 - 8) Autres - préciser.

DATE D'ACQUISITION PRÉVUE

1. Ne remplir ce champ que s'il s'agit d'un compte de prêt pour ensemble de logements collectifs.
2. Indiquer approximativement la date d'acquisition par le prêteur.
3. Si on ne s'attend pas à acquérir l'immeuble, inscrire «non prévue».

GENRE DE PRÊT

Indiquer par un des chiffres ci-dessous, de quel genre de prêt il s'agit :

- 1) Prêts assortis d'aide, aux termes des articles 8.1, 9, 10.
 - 1A) Programme d'aide au logement local (PALL)
 - 1B) Aux fins du PAREL
 - 1C) Prêt hypothécaire à paiements progressifs (PHPP) - Local
 - 1D) Société SBL
 - 1E) Coopérative SBL
 - 1F) Programme d'aide pour l'accession à la propriété (PAAP).
- 2) Prêts non assortis d'aide, en vertu des articles 8.1, 9, 10.

CMHC MORTGAGE LOAN INSURANCE

Section

FORMS COMPLETION

Subject

Report of Loans
in Arrears

Page

3

1999-11-19

FROM / DE :

Name / Nom

Address / Adresse

REPORT OF LOANS IN ARREARS / RAPPORT DES PRÊTS EN SOUFFRANCE

APPENDIX / ANNEXE

The following Mortgage Loans, repayable by monthly installments, were in arrears in amounts equal to or exceeding three (3) months of principal, interest and taxes, or in default at the end of the month by reason of failure to complete the work of construction as a result of bankruptcy, insolvency or otherwise, or in arrears in any amount, on loans repayable by quarterly, semi-annual, or annual installments as at the month ending _____ 19

Les prêts hypothécaires suivants, remboursables en mensualités, étaient en souffrance d'un montant égal à trois (3) mensualités ou plus, composant principal, intérêt et taxes, ou en défaut de terminer les travaux de construction en raison de faillite, d'insolvabilité ou d'une autre cause, ou en souffrance d'un montant quelconque, en ce qui concerne les prêts remboursables par quinquennal, semi-annuellement ou annuellement à la fin du mois terminé le _____ 19

REPORT FOR / RAPPORT POUR

INSURED / ASSURÉ

JOINT / CONJOINT

AGENCY / D'AGENCE

REMARKS:

REMARKS:

REMARKS:

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CMHC NO. N° SCH.	LENDERS NO N° DU PRÊTEUR	TOTAL ARREARS TOTAL DES ARRIÈRES	DATE OF LAST FULL EQUANCE DU DERNIER VERSEMENT PAYÉ	PROJECT AND PRINCIPAL'S NAME NOM DU PROJET ET DES PROPRIÉTAIRES	CIVIC ADDRESS ADRESSE	TYPE OF LOAN GÉNÈRE DE PRÊT	LENDERS DEFAULT OFFICER AND PHONE NO. AGENT RESPONSABLE DU DÉFAUT ET NUMÉRO DE TÉLÉPHONE	REMARKS: REMARKS: REMARKS: REMARKS: REMARKS: REMARKS:	ANTICIPATED ACQUISITION DATE DATE D'ACQUISITION PRÉVUE
<p>I hereby certify that the above represents all the arrears on insured loans to be reported in accordance with Section 40 of the National Housing Loan Regulations or all the arrears on joint loans to be reported in accordance with the lending institution agreement.</p> <p>Je certifie par les présentes que les montants susmentionnés représentent tous les prêts en souffrance dont il faut faire rapport conformément aux dispositions de l'annexe au Règlement national sur les prêts pour l'habitation ou que les prêts composés en souffrance dont il faut faire rapport conformément aux stipulations précitées.</p>									
<p>Signature</p>									
<p>DATE</p>									

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Report of Loans in Arrears	4
		1999-11-19

1. From - Enter the complete name and mailing address of the Approved Lender.
2. Date - Enter day, month, year for which the Report is being made. (Last day of the month.)
3. Report for - Check one type of report, i.e. Insured, Joint or Agency.
4. CMHC No. - Enter reference number.
5. Lender's No. - Enter lender's loan number.
6. Total Arrears - Enter total amount of dollar arrears including principal, interest, taxes, legal costs and borrower's charges to date of report.
7. Due Date of Last Full Instalment Paid - Enter the due date of the last instalment fully paid by the borrower.
8. Project and Principal's Name - Enter, for multiple projects only, the project name and principal borrowers.
9. Civic Address - Enter civic address, including postal code.
10. Type of Loan - Indicate by number the type of loan being reported:
 1. Sections 8.1, 9, 10 Assisted Loans:
 - 1A) Assisted Rental Program (ARP);
 - 1B) For RRAP Purposes;
 - 1C) Graduated Payment Mortgages (GPM) - Rental;
 - 1D) Non-Profit Corporation;
 - 1E) Non-Profit Co-operative;
 - 1F) Assisted Home Ownership Program (AHOP).
 2. Sections 8.1, 9, 10 Unassisted Loans.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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11. Lender's Default Officer and Phone Number - Provide the name and telephone number of the Approved Lender's Default Officer.
12. Remarks - Complete Remarks including: cause of default (if known), steps taken to remedy arrears, status of collection or legal action, action for recovery on the borrower's personal covenant, date legal action was started, date the property is sold (if applicable). This report should be updated on a monthly basis, i.e. what stage the proceedings are at when the report is being completed.
13. Anticipated/Acquisition Date - Indicate for multiple loans only, anticipated date lender expected to acquire project.
14. Totals - Provide total of dollar arrears. Provide total number of accounts being reported.
15. Date - Provide date report being forwarded to CMHC.
16. Signature - Type name and telephone number in addition to the signature of the official forwarding the report on behalf of the lender.
17. Title - Enter title of official forwarding the report on behalf of lender. (Please Print).

CMHC MORTGAGE LOAN INSURANCE

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		1994-02-25



STATEMENT OF CLAIM UNDER NHA MORTGAGE INSURANCE

PAGE 1 OF 2

1. ☐ MAIN CLAIM ☐ SUPPLEMENTARY CLAIM

Protected when completed

2 CMHC ACCOUNT NUMBER	3. APPROVED LENDER REF. NUMBER	CMHC USE ONLY	DATE CLAIM REC'D
TRANSIT 10		4. FINANCIAL INSTITUTION CODE	5. TRANSIT CODE
TO: MORTGAGE INSURANCE OPERATIONS CENTRE CANADA MORTGAGE AND HOUSING CORPORATION 700 MONTREAL RD. OTTAWA, ONTARIO K1A 0P7		6. FROM:	

7. CLAIM PAYEE

☐ APPROVED LENDER ☐ APPROVED LENDER JOINTLY WITH

PROPERTY DETAILS

8. CIVIC ADDRESS		9. LEGAL DESCRIPTION	
NO.	NAME	TYPE	DIRECTION UNIT NO
CITY/MUNICIPALITY		PROVINCE	POSTAL CODE
10. NO OF BEDS/UNITS		BEDS	UNITS
11. IF RENTED: LEASE TYPE <input type="checkbox"/> WRITTEN <input type="checkbox"/> ORAL		12. LEASE EXPIRY DATE	13. CURRENT MONTHLY RENT \$
			14. DEPOSIT HELD \$

BORROWERS DETAILS

15. NAME(S)	16. COVENANTOR = C OR GUARANTOR = G	JUDGMENT ACTION		
A)		17. OBTAINED	18. ON-GOING	19. NOT PURSUED
B)				
C)				
D)				

CLAIM DETAILS

20. TYPE OF CLAIM		21. TYPE OF LEGAL ACTION	
<input type="checkbox"/> TITLE TRANSFER	<input type="checkbox"/> ASSIGNMENT	<input type="checkbox"/> FORECLOSURE	<input type="checkbox"/> OTHER (SPECIFY)
<input type="checkbox"/> BY APPROVED LENDER	<input type="checkbox"/> WITH LEGAL ACTION	<input type="checkbox"/> POWER OF SALE	
<input type="checkbox"/> BY BORROWER	<input type="checkbox"/> WITHOUT LEGAL ACTION	<input type="checkbox"/> VOLUNTARY TRANSFER	
22. LEGAL PROCEEDINGS STARTED	23. LENDER TAKEOVER OF PROPERTY MANAGEMENT AND/OR PROPERTY PROTECTION	24. DATE LEGAL ACTION COMPLETED	25. CLAIM FILING EXTENSION OBTAINED
YY MM DD	YY MM DD	YY MM DD	<input type="checkbox"/> YES <input type="checkbox"/> NO
26. APPROVED LENDER'S CORPORATE WARRANTY OR	27. ANY ADDITIONAL SECURITY E.G.	28. INTEREST ADJUST. DATE	29. INTEREST RATE AT DEFAULT
<input type="checkbox"/> APPROVED LENDER'S SOLICITOR'S CERTIFICATE TO CMHC OR	<input type="checkbox"/> CHATTEL MORTGAGE <input type="checkbox"/> PROMISSORY NOTE <input type="checkbox"/> OTHER	YY MM DD	%

REQUIRED ENCLOSURES (CHECK AS APPLICABLE) (SEE REVERSE FOR ADDITIONAL ENCLOSURES REQUIRED)

30. ALL CLAIM TYPES
<input type="checkbox"/> Transcript of mortgage and tax accounts from loan inception
<input type="checkbox"/> Receipts and/or invoices for borrower's charges
<input type="checkbox"/> Statement of legal costs
<input type="checkbox"/> All renewals and extension agreements
<input type="checkbox"/> Monthly statements of income and expenditures during receivership or lender possession
<input type="checkbox"/> Executed assignments of all additional security
<input type="checkbox"/> Personal judgments on covenants and executed assignments of them
<input type="checkbox"/> Assignment of Approved Lender's policy of title insurance
<input type="checkbox"/> Other (specify) _____
MULTIPLE CLAIMS ONLY
<input type="checkbox"/> Orders appointing/discharging receiver and/or management contracts, if applicable
<input type="checkbox"/> Executed assignment of rents, except on Deficiency Settlement Claims
<input type="checkbox"/> Chattel mortgage
<input type="checkbox"/> Executed bill of sale (except on Deficiency Settlement Claims and Assignment of Mortgage)

Section

FORMS COMPLETION

Subject

Statement of Claim
Under NHA Mortgage
Insurance

Page

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ADDITIONAL ENCLOSURES REQUIRED

CONVEYANCE OF TITLE CLAIMS

- ___ Approved Lender's title acquisition document
- ___ Survey or equivalent certificate of location
- ___ Registrable, executed Deed to Convey/Transfer title to CMHC (except in the Province of Quebec where it is to be signed before a notary on demand)/Approved Lender's Duplicate Certificate of Title
- ___ Executed assignment of leases and rents, if property occupied

DEFICIENCY SETTLEMENT CLAIMS

- ___ Statement by the Approved Lender's solicitor (Quebec - Notary) or a responsible officer confirming the closing date of the sale or disposition
- ___ Copy of the registered conveyance or other instrument of sale (as soon as possible)
- ___ Statement of adjustments for sale or disposition
- ___ Approved Lender's title acquisition document, if applicable
- ___ **List of documents previously submitted to the CMHC Branch Manager:**
- ___ Agreement of purchase and sale (if judicial sale: copy of court orders, reports and judgment approving sale)
- ___ An adequate appraisal of the value of the mortgaged property, including the reasonable time required to sell or dispose of it, together with an informed summary of the realizable value of all security for the loan
- ___ Every listing agreement, agreement of purchase and sale or other disposition, order or direction for sale or other disposition and other document of disposition of the mortgaged property
- ___ All particulars in which title or permitted use is or may be deficient or property may be in violation of any applicable requirements
- ___ The particulars of any material change, repudiation or recession in relation to the sale or disposition

ASSIGNMENT OF MORTGAGE CLAIMS

- ___ Outstanding judgments and orders
- ___ Registrable, executed assignment of mortgage and legal action
- ___ Survey or equivalent certificate of location (except for individual condo/strata units)
- ___ Effective assignment of all other security to CMHC
- ___ Executed Assignment of Mortgage - Undertakings, CMHC 2889, to be given by the Approved Lender or holder in accordance with Section 14(1) NHA

Section

FORMS COMPLETION

Subject

Statement of Claim
Under NHA Mortgage
Insurance

Page 3

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CMHC SCHL
Helping to house Canadians

PAGE 2 OF 2

2 CMHC ACCOUNT NUMBER		3. APPROVED LENDER REF. NUMBER		Protected when completed	
				CMHC USE ONLY	
31. DUE DATE OF LAST COMPLETE INSTALLMENT PAID (NOT DATE PAYMENT WAS RECEIVED)		YY	MM	DD	32. INTEREST ON PRINCIPAL WAS PAID TO
					YY MM DD
33. PRINCIPAL BALANCE OWING AS AT ABOVE DATE		OR			
34. TAX ACCOUNT BALANCE AS AT ABOVE DATE		<input type="checkbox"/> Debit <input type="checkbox"/> Credit			
35. LEGAL COSTS					
	ACQUISITION	JUDGMENT		SALE	
FEES					
DISBURSEMENTS					
TOTAL					
36. JUDGMENT SETTLEMENT		YY	MM	DD	\$
37. PROPERTY DAMAGE					\$
38. FIRE DAMAGE/INSURANCE SETTLEMENT		YY	MM	DD	\$
39. INTEREST BUYDOWN		<input type="checkbox"/> YES <input type="checkbox"/> NO			
40. UNEARNED PORTION OF INTEREST BUYDOWN				\$	
41. OTHER				\$	
DEFICIENCY SALE				\$	
42. Sale closing date and price		YY	MM	DD	\$
43. Real estate commission				\$	
44. BORROWER'S CHARGES				\$	

[illegible]

47. CERTIFICATE OF CLAIMANT

The Claimant, in support of its claim for payment under its mortgage loan insurance policy and the NHA, and as a condition of payment, hereby certifies that all required security was obtained, that no security for the loan has been released or compromised and all additional security and assignments are valid, registrable where appropriate, and enforceable in full in accordance with the terms and conditions of the loan insurance, all except as allowed by regulation or as approved by CMHC, and that where a deficiency claim is submitted a legitimate market sale took place and that the Claimant has been diligent to ensure that all the information in this claim and all documents enclosed are correct and complete and all requirements for payment have been complied with.

PRINT NAME OF APPROVED LENDER'S AUTHORIZED OFFICER

SIGNATURE OF APPROVED LENDER'S AUTHORIZED OFFICER

48 APPROVED LENDER JOINT INSPECTION CONTACT (INCLUDE COMPANY NAME, ADDRESS & TELEPHONE NUMBER)

49. FAX NO.

60 TELEPHONE NUMBER

51 FILING DATE

CMHC 1046 3/94 CMH PPU 040 CMHC is subject to the Privacy Act. Individuals have a right of access to CMHC controlled information about themselves.

Disponible en français

Canadä

CMHC MORTGAGE LOAN INSURANCE

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1. Main Claim/Supplementary Claim - Check the applicable box to identify whether the claim is the original demand for reimbursement or a supplementary demand.
2. CMHC Account Number - Enter the CMHC account number.
3. Approved Lender Reference No. - Enter the Approved Lender's reference number.
4. Transit I.D. Financial Institution Code - Indicate the Approved Lender's financial institution code assigned by the Canadian Bankers Association.
5. Transit Code - Indicate the transit identifier code.
6. From - Enter the name and address of the insured Approved Lender completing the CMHC 1046. If the loan is administered by the Approved Lender on behalf of an investor, enter the investor's name and address.
7. Claim Payee - Check the applicable box and/or complete the missing field to identify the claim payee, i.e. whether or not the claim cheque is to be issued to the Claimant Approved Lender or jointly to the Claimant and a named other party (e.g. the private investor). If no box is checked, payment will be made to the Claimant Approved Lender.
8. Civic Address - Enter the property civic address where the property is located.
9. Legal Description - Provide a brief legal description of the property.
10. Number of Beds/Units - Enter the number of beds or units.
11. If Rented: Lease Type - Check the applicable box.
12. Lease Expiry Date - Enter the expiry date of the lease.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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13. Current Monthly Rent - Enter the current monthly rent.
14. Deposit Held - Enter the dollar amount of any security or other deposit retained from the borrower.
15. Borrowers Details - Names - Indicate the full name of all borrowers.
16. Covenantor or Guarantor - Specify whether the borrowers were covenantors(c) or guarantors(g).
17. Judgment Obtained - For each borrower, indicate (yes or no) whether a judgment on the covenant/guarantee was obtained at the time of claim filing. If it is only the assignment process of the judgment that remains to be completed at the time of claim filing, judgment should be indicated as having been obtained.
18. Judgment On-Going - Indicate (yes or no) for each covenantor/guarantor whether the action on the covenant/guarantee is on-going at the time of claim filing.
19. Not Pursued - Indicate for each covenantor/guarantor whether (yes) the action on the covenant/guarantee was not pursued/will not be pursued.
20. Type of Claim - Indicate in the applicable box the type of claim being filed.
21. Type of Legal Action - Indicate in the appropriate box the nature of the legal action pursued to complete the realization proceedings.
 - Foreclosure includes for Quebec a Personal and Hypothecary Action
 - Power of Sale includes for Quebec a Judicial Giving in Payment
 - Voluntary Transfer includes for Quebec a Voluntary Giving in Payment

CMHC MORTGAGE LOAN INSURANCE

Section FORMS COMPLETION	Subject Statement of Claim Under NHA Mortgage Insurance	Page 6 1994-02-25
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22. Legal Proceedings Started - Enter the date that the Approved Lender's solicitor initiated legal proceedings.
23. Lender Takeover of Property Management and/or Property Protection - Enter the date that the Approved Lender took over property management and/or property protection of the multiple family housing project or single family dwelling.
24. Date Legal Action Completed - Enter the date that the legal proceedings (excluding judgment, where applicable) were completed.
25. Claim Filing Extension Obtained - Check the applicable box if claim filing extension was obtained.
26. Approved Lender's Corporate Warranty or Approved Lender's Solicitor's Certificate to CMHC or Title Insurance - Check the appropriate box to indicate if the Approved Lender is relying on the solicitor's certification, the Approved Lender's warranty or a policy of Title Insurance.
27. Any Additional Security - Indicate whether any additional security is to form part of the claim such as chattel mortgage, promissory note, post-dated cheques, etc.
28. Interest Adjustment Date - Enter the finally established Interest Adjustment Date. Regular monthly mortgage payments commence one month after the Interest Adjustment Date.
29. Interest Rate at Default - Enter the interest rate in effect at the time of default.
30. Required Enclosures - Check the appropriate box identifying the enclosure(s) which are to be attached to the CMHC 1046 form.
31. Due Date of Last Complete Instalment Paid - Enter the due date of last complete instalment paid. Note that this is not necessarily the date on which the payment was received, but the date this payment covers.
32. Interest On Principal Was Paid To - Enter the date to which interest on the principal has been collected.
33. Principal Balance Owing as at Above Date - Enter the amount of principal balance owing as at the date identified in field 30 or 31.
34. Tax Account Balance as at Above Date - Enter the amount of the debit or credit balance as of the date identified in field 31.

CMHC MORTGAGE LOAN INSURANCE

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35. Legal Costs - Indicate separately the amounts incurred for the acquisition process, those for obtaining the judgment on the covenant/guarantee where separately identifiable, and those for the sale to a third party purchaser. Fees and Disbursements must be segregated.
36. Judgment Settlement - Enter the date a settlement under a judgment was received and the amount of settlement received in lieu of/or in settlement of a judgment of the covenant/guarantee.
37. Property Damage - Enter the agreed upon amount to be deducted from the claim settlement where liability is accepted by the Approved Lender.
38. Fire Damage/Insurance Settlement - Enter the date that fire insurance settlement was received and the amount received as settlement from an insurance company for fire and other peril coverage.
39. Interest Buydown - Check the applicable box to indicate if an interest buydown was paid by the borrower to the Approved Lender.
40. Unearned Portion of Interest Buydown - Enter any unearned portion of interest buydown.
41. Other - Enter any amount received by way of interim payment from the borrower.
42. Deficiency Sale - Sale Closing Date and Price - Enter the sale closing date and gross sale price.
43. Deficiency Sale - Real Estate Commission - Enter the amount of real estate commission paid.
44. Borrower's Charges - Indicate the total amount of the charges detailed on the remainder of the CMHC 1046 (field 44).

CMHC MORTGAGE LOAN INSURANCE

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45. Nature of Charge - Indicate the nature of the expense, date paid, and amount disbursed.
46. Rental and Other Income - Indicate rents and other income received including dates and amounts.
47. Certificate of Claimant - Print the name of the Approved Lender's authorized Officer.
48. Approved Lender Joint Inspection Contact (Include Company Name, Address & Telephone Number - Enter the name, address and telephone number of the Approved Lender or representative who will conduct the joint property inspection with CMHC.
49. Fax Number - Enter the complete fax number.
50. Telephone Number - Enter the complete telephone number.
51. Filing Date - Enter the date that the claim was submitted or filed by the Approved Lender.

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

CMHC 1383

Section

FORMS COMPLETION

Subject

Report and Reconciliation
- NHA Mortgage Loans
Outstanding

Page

1

1990-10-01

Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

Canada

CMHC /SCHL 1383

4/88

REPORT AND RECONCILIATION — NHA MORTGAGE LOANS OUTSTANDING
RAPPORT ET CONCILIATION — PRÊTS HYPOTHÉCAIRES LNH EN COURS DE REMBOURSEMENT

17383

APPROVED LENDER / PRÊTEUR AGRÉÉ:

REPORT YEAR:

RAPPORT DE L'ANNÉE:

19

Report the Number and Aggregate Principal amount of all NHA mortgage loans outstanding as at November 30, for:

All loans insured under the National Housing Act:

- (A) Owned and administered by the Reporting Approved Lender.
- (B) Administered by the Reporting Lender for other than Approved Lenders.
- (C) Administered by the Reporting Lender for other Approved Lenders. (Include list of Lenders at bottom of page and attach separate list if applicable).

Include a reconciliation of the change over the calendar year in Number and Aggregate Principal Amount of NHA Insured Loans outstanding. Where precise numbers and amounts are not available for items 2, 4, 5, 7, data may be estimated.

The Report is to be certified by an Officer of the Approved Lender and submitted within 45 days after November 30 of each year to: Canada Mortgage and Housing Corporation, Montreal Rd., Ottawa, K1A 0P7.

Rapporter le nombre et le montant global de principal de tous les prêts hypothécaires LNH en cours de remboursement au 30 novembre.

Tous les prêts assurés aux termes de la Loi nationale sur l'habitation:

- (A) détenus et administrés par le prêteur agréé qui fait rapport.
- (B) administrés par le prêteur qui fait rapport, pour d'autres que des prêteurs agréés.
- (C) administrés par le prêteur qui fait rapport, pour d'autres prêteurs agréés. (Nommer ces prêteurs au bas de la page et annexer une feuille distincte au besoin).

Inclure une conciliation des variations, survenues pendant l'année civile, du nombre et du montant global de principal des prêts assurés LNH en cours de remboursement. Lorsque le nombre et le montant exacts ne sont pas disponibles, les données aux postes 2, 4, 5, 7, peuvent être estimatives.

Le rapport doit être authentiqué par un administrateur cadre du prêteur agréé et présenté dans les 45 jours qui suivent le 30 novembre de chaque année à la Société canadienne d'hypothèques et de logement, Chemin Montreal, Ottawa, K1A 0P7.

NHA INSURED LOANS / PRÊTS ASSURÉS LNH

ITEM - POSTE	A OWNED AND ADMINISTERED BY APPROVED LENDER DÉTENUS ET ADMINISTRÉS PAR LE PRÊTEUR AGRÉÉ		B ADMINISTERED FOR OTHER THAN APPROVED LENDERS ADMIN. POUR D'AUTRES QUE DES PRÊTS AGRÉÉS		C ADMINISTERED FOR OTHER APPROVED LENDERS ADMIN. POUR D'AUTRES PRÊTEURS AGRÉÉS		
	NUMBER NOMBRE	PRINCIPAL AMOUNT MONTANT DE PRINCIPAL \$	NUMBER NOMBRE	PRINCIPAL AMOUNT MONTANT DE PRINCIPAL \$	NUMBER NOMBRE	PRINCIPAL AMOUNT MONTANT DE PRINCIPAL \$	
FIRST MORTGAGE LOAN / PRÊT HYPOTHÉCAIRE DE PREMIER RANG							
1. Loans Outstanding Dec. 1 last year En cours de remboursement au 1 dec. de l'an dernier		000.00		000.00		000.00	
GROSS INCREASE AUGMENTATION BRUTE	(a) Number of New accounts Opened during this year Nombre de nouveaux comptes ouverts au cours de la présente année						
	(b) Disbursements on Loans Déboursés de prêts		000.00		000.00		000.00
	3. Purchases of Loans Achetés		000.00		000.00		000.00
	4. Other Increases Autres augmentations		000.00		000.00		000.00
TOTAL GROSS INCREASE AUGMENTATION BRUTE TOTALE			000.00		000.00		000.00
GROSS DECREASE REDUCTION BRUTE	(a) Number of Loans Fully Repaid during this year Nombre de prêts intégralement remboursés au cours de la présente année						
	(b) Repayments on Loans Remboursements de prêts		000.00		000.00		000.00
	6. Sales of Loans Vendus		000.00		000.00		000.00
	7. Other Decreases Autres réductions		000.00		000.00		000.00
TOTAL GROSS DECREASE REDUCTION BRUTE TOTALE			000.00		000.00		000.00
8. LOANS OUTSTANDING NOV. 30 THIS YEAR EN COURS DE REMBOURSEMENT AU 30 NOV. DE LA PRÉSENTE ANNÉE		000.00		000.00	*	000.00	
SECOND MORTGAGE LOAN / PRÊT HYPOTHÉCAIRE DE SECOND RANG							
TOTAL LOANS OUTSTANDING NOV. 30 THIS YEAR TOTAL EN COURS DE REMBOURSEMENT AU 30 NOV. DE LA PRÉSENTE ANNÉE			000.00		000.00		000.00

* List all Approved Lenders for which loans are being administered under 8(C). (Attach separate list if applicable)

* Inscrire les prêteurs agréés pour lesquels vous administrez les prêts dont le montant paraît en 8(C). (Annexer une feuille distincte au besoin).

1)
3)2)
4)

DATE	POSITION - FONCTION	SIGNATURE

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
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Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

NOTICE - ASSISTED HOME OWNERSHIP PROGRAM/ASSISTED RENTAL PROGRAM
National Housing Act, Sections 34.16 and 14.1

CMHC 1934 6/81

SUBMIT TO: Director
Investment Portfolio Accounting Division
National Office

Lender's name and address:

FORM COMPLETION DATE			CMHC originating office (CMHC use only)	
Day	Mo.	Year		
		199		
IRL/PRL/ARP Account Number				
CMHC account number				
Lender's reference number				

PLEASE PRINT OR TYPE QUALIFIED BORROWER(S) NOTE: (If Mortgage, Assumption Agreement or Deed Of Sale is signed by two parties) (BOTH names must be included below.)

Family name (Principal applicant):

First name and initial(s):

Postal address No.: Street:

Municipality:

Province: Postal code:

Family name (Co-applicant):

First name and initial(s):

Property/Civic address (if different from postal address) No.: Street:

Municipality:

Province: Postal code:

1. PLACING BORROWER(S) ON REPAYMENT

The A.H.O.P./A.R.P. First Mortgage Loan has now been placed on repayment

Final interest adjustment date is:	Day	Mo.	Year	Qualified borrower's first monthly payment due date is:	Day	Mo.	Year
			199				199

2. CANCELLATION OF REPAYMENT LETTER

The repayment letter previously issued to the qualified borrower(s) has been cancelled.

(If borrower's revised interest adjustment date and revised payment due date are known - enter in 1 above)	First monthly payment due date previously was:	Day	Mo.	Year
				199

3. TERMINATION, SUSPENSION OR REINSTATEMENT OF ASSISTANCE

Notice is hereby given that the event indicated by an ☒ below to the best of our knowledge took place on:

Day Mo. Year

199

- ☐ 0.1 The Borrower(s) has(have) sold or otherwise transferred ownership of the housing unit.
- ☐ 0.2 The Borrower(s) has(have) failed to take occupancy of the housing unit.
- ☐ 0.3 The Borrower(s) has(have) ceased to occupy the housing unit.
- ☐ 0.4 The first mortgage loan has been paid in full through refinancing or otherwise.
- ☐ 0.5 The first mortgage loan is in arrears for an amount equivalent to three monthly payments or foreclosure proceedings have been instituted whichever occurs the earlier.
- ☐ 0.6 Title of the housing unit has been acquired by the first mortgage lender or a third party as a result of legal action, voluntary transfer, etc.
- ☐ 0.7 The property has been further encumbered.
- ☐ 0.8 Borrower(s) has(have) made an assignment of bankruptcy.
- ☐ 2.5 The arrears of monthly instalments on the first mortgage loan which was formerly in arrears for an amount equivalent to three monthly payments or under legal action, have been paid in full.
- ☐ 1 Other reasons

4. OTHER REASONS:

For any termination, suspension or reinstatement event not listed in 3 above, provide details here.

Date:	Title and name:	Signature:
-------	-----------------	------------

(Français au verso)

INSURANCE SERVICING

CMHC 1934

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Notice - Assisted Home Ownership Program/ Assisted Rental Program	2
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1. IRL/PRL/ARP Account Number - Enter the eight digit CMHC account number assigned to identify the IRL/PRL/ARP account.

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

CMHC 2182

Section

Subject

Page

FORMS COMPLETION

Application to Assume
ARP Agreement/Mortgage

1

1990-10-01

Canada Mortgage and Housing Corporation Société canadienne d'hypothèques et de logement

Canada

APPLICATION TO ASSUME ARP AGREEMENT/MORTGAGE
DEMANDE DE PRISE EN CHARGE DE LA CONVENTION/HYPOTHÈQUE P.A.L.L.
Sec. 6/14.1 Private / Sec. 58/14.1 Direct / Art. 6/14.1 Privé / Art. 58/14.1 Direct

VENDOR VENDEUR

Name/Nom: 1	Telephone no./N° de téléphone
Address/Adresse:	Home/Résidence: 2
	Office/Bureau:

ARP reference no./N° de référence P.A.L.L.: 13

CMHC account no./Compte SCHL n°:

Lender's reference/ Référence du prêteur: CMHC office location/ Endroit du bureau SCHL:

PURCHASER OR ARP PROJECT/ACHETEUR OU PROJET P.A.L.L.

Name/Nom: 3	Telephone no./N° de téléphone
Address/Adresse:	Home/Résidence:
	Office/Bureau:

FIRST MORTGAGE LENDER/PRÊTEUR DE PREMIER RANG

Name/Nom: 14
Address/Adresse:

PURCHASE DETAILS DÉTAIL DE L'ACHAT

Address of property being sold/Adresse de la propriété faisant l'objet de la vente: 4

Address where assistance cheques are to be sent/ Adresse à laquelle il faudra envoyer les chèques d'aide: 5

Amount of first mortgage to be assumed/ Montant de la première hypothèque dont il faut prendre charge: \$ 6

Equity Mise de fonds:

A) Cash Comptant \$ 7

B) Other (give details) Autre (décrire) \$

TOTAL \$

Sale price/ Prix de vente: \$ 8

Closing date of sale/ Date de conclusion de la vente: 9 Yr./An., Mo./Mo., Day/Jr.

Total ARP disbursements as at closing date of sale/ Total des versements à la date de conclusion de la vente: \$ 10

Total units in project/ Nombre de logements dans le projet: 11

No. of units occupied/ Nombre de logements occupés: 12

DOCUMENTS REQUIRED/DOCUMENTS REQUIS

To be submitted through first Mortgage lender: 15

Request undertaking to insure CMHC 530 reflecting change of borrower (or covering letter if insurance policy CMHC 1023 issued by CMHC)

Purchaser's audited financial statement and/or personal worth statements

Details of purchaser's experience

Details of property management arrangements

Management contract

Summary of property manager's background

Copy of purchase and sale agreement

For sale involving beneficial ownership also include a copy of:

Personal worth statements for each beneficial owner (if they guarantee the ARP Mortgage) and;

Prospectus; and proof of clearance through Provincial Securities Commission, or;

Evidence from Provincial Securities Commission that a prospectus is not required; and a copy of unit holders agreement.

Soumis par l'entremise du prêteur de premier rang

CMHC 530, demande-promesse d'assurer, tenant compte du changement d'emprunteur, (ou lettre d'envoi lorsque la police d'assurance CMHC 1023 est émise par la SCHL)

État financier vérifié de l'acheteur et/ou déclarations de son avoir.

Détails relatifs à l'expérience de l'acheteur.

Détails sur les dispositions relatives à la gestion de la propriété

Contrat de gestion

Antécédents du gérant de la propriété

Copie de la convention d'achat et de vente

Pour les ventes comportant usufruit de propriété inclure aussi une copie des documents suivants

Déclaration de l'avoir de chaque propriétaire ou usufruit (lorsqu'ils garantissent l'Hypothèque P.A.L.L.) et;

Prospectus; et attestation de solvabilité émise par la Commission provinciale de valeurs mobilières; ou;

Attestation de la Commission provinciale de valeurs mobilières portant qu'un prospectus n'est pas nécessaire; et une copie de la convention du détenteur du logement.

I We hereby apply for approval of the above described sale of this project and submit the required documents.

I We (purchaser) declare being (a) Canadian resident(s) or applying on behalf of a Canadian controlled Corporation.

I We understand and agree to the conditions stipulated on the reverse of this application.

I We understand that all ARP assistance previously advanced must be reimbursed to CMHC prior to assumption of the ARP Mortgage.

This application is, to the best of our knowledge and belief, true and accurate. Any information supporting this application may be disclosed to CMHC. It is understood that false statements may lead to prosecution under the Criminal Code of Canada.

I We agree and consent that credit enquiries may be made at any time in connection with the financing hereby applied for.

Je soumet/nous soumettons par la présente l'approbation de la vente décrite ci-dessus du présent projet et soumet/nous soumettons les documents nécessaires.

Je/nous (l'acheteur) déclare/déclarons être résident(s) canadien(s) ou soumet/nous soumettons une demande en faveur d'une Corporation dont le contrôle est canadien.

Je comprends/nous comprenons et accepte/acceptons les conditions stipulées à l'endos de cette demande.

Je comprends/nous comprenons que toute l'aide financière P.A.L.L. avancée antérieurement doit être remboursée à la S.C.H.L. avant la prise en charge de l'Hypothèque P.A.L.L.

Cette demande est au mieux de ma/notre connaissance et de ma/notre croyance authentique et exacte. Tout renseignement à l'appui de cette demande peut être divulgué à la S.C.H.L. Il est bien compris que des fausses déclarations peuvent entraîner des poursuites judiciaires en vertu du Code criminel du Canada.

Je/suis/nous sommes d'accord pour qu'en tout temps, des enquêtes de solvabilité soient effectuées à mon/notre égard pour ce qui est du financement qui fait l'objet de cette demande.

Vendor's signature/Signature du vendeur

Date

16

17

CMHC is subject to the Privacy Act/Individuals have a right of access to CMHC's information/CMHC est assujettie à la Loi sur la protection des renseignements personnels. Tout individu a droit d'accès aux renseignements que détient la SCHL à son sujet.

La SCHL est assujettie à la Loi sur la protection des renseignements personnels. Tout individu a droit d'accès aux renseignements que détient la SCHL à son sujet.

Section	Subject	Page
FORMS COMPLETION	Application to Assume ARP Agreement/Mortgage	2
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GENERAL CONDITIONS

Transfer of the ARP Agreement/Mortgage resulting from the sale of rental projects financed under the terms of Section 14.1 (ARP) of the YMA are subject to the following conditions:

1. The vendor must submit a completed Application to Assume ARP Agreement/Mortgage, CMHC 2182 signed by both vendor and purchaser. This application must be submitted to CMHC through the first mortgage lender and accompanied by the required documents listed on reverse.
2. Audited Financial Statements including Balance Sheet and Statement of Profit and Loss for the two most recent fiscal years are required in the case of all corporate purchasers. Pro-forma statements will be accepted in the case of newly formed corporations. Personal Worth Statements are required from principal shareholders of corporate purchasers and from individual purchasers. CMHC may request more detailed financial and credit information as warranted.
3. The purchaser must provide the difference between the selling price and the amount of first mortgage loan. Purchaser must have sufficient resources to meet this requirement and support any additional cash or borrowing required to complete the sale transaction. The registration of further encumbrances against the property will not be allowed.
4. The project must be sold to Canadian residents or a Canadian controlled Corporation.
5. Reassessment upwards of assistance level will not be done as a result of sale. Increased equity will not be recognized for the purpose of calculating the amount of assistance nor the purpose of calculating the return on equity. The dollar amount of return on equity turned to with the first owner/borrower will remain unchanged. The amount of assistance will continue to be based on the same date which was agreed to with the original borrower, as if the transaction had not taken place.
6. Where the purchaser's equity is lower than that shown on the current ARP Agreement, the Agreement to be assumed will be amended to reflect the lower equity and related return on equity.
7. The guarantee of the original owner, will continue to be required unless the purchaser of the project can provide a guarantee which satisfies CMHC.
8. The purchaser must prove its ability to manage the project to CMHC's satisfaction or must arrange for competent property management.
 - a. The purchaser must agree to assume all the terms and conditions of the existing Operating Agreement to be amended as provided herein and of the ARP Mortgage.
9. The original borrower is responsible for completing the project.
10. Confirmation of approval of sale transaction by first mortgage lender will be required before transfer of ARP Agreement/Mortgage.
11. Where sale occurs after disbursement of the assistance, the assistance advanced to date must be repaid in full. Transfer of the ARP Agreement and ARP Mortgage will not be executed unless this condition has been fulfilled. Assistance paid will not be written-off by CMHC and will not be transferred to the purchaser.

CMHC may impose additional conditions related to the transfer of the ARP Agreement in specific cases.

Additional conditions apply to a sale to a Trustee.

CONDITIONS OF WRITE-OFF

1. The Corporation will write-off part or all of the second mortgage debt if:
 - the ARP Agreement contains a provision to that effect, and
 - the ARP Agreement is terminated as a result of a sale, and
 - at the sale price (in a bona fide sale at market value) does not exceed the amount of first mortgage, plus the amount of equity as defined in the Agreement plus recognized sales costs.
2. The crisis is on the borrower to satisfy the Corporation that the transaction is bona fide and at "fair market value".
 - a. For the purpose of establishing "fair market value", full consideration must be given to the added value generated by the fiscal advantages tied to the project. Consideration must also be given to the added fiscal and financial advantages which would have remained with the project had a potential purchaser and CMHC agreed to continue the ARP Agreement.

CONDITIONS GÉNÉRALES

Le transfert de la Convention Hypothèque P.A.L.L. découlant de la vente de projets de logement locatif financés aux termes de l'article 14.1 (P.A.L.L.) de la L.N.H. est assujéti aux conditions suivantes:

1. Le vendeur doit soumettre une Demande de prise en charge de la Convention Hypothèque P.A.L.L. CMHC 2182, dûment remplie et signée à la fois par l'acheteur et le vendeur. La demande doit être soumise à la Société par l'intermédiaire du prêteur de premier rang et accompagnée des documents nécessaires inscrits à l'endos.
2. Des états financiers vérifiés par un comptable agréé y compris le bilan et l'état des revenus et dépenses couvrant les deux exercices financiers les plus récents doivent être soumis dans le cas de toutes les corporations. Des déclarations pro forma seront acceptées dans le cas des nouvelles sociétés constituées en corporations. Des déclarations de l'avoir propre sont requises de la part des principaux actionnaires des corporations et des acheteurs particuliers. Il se peut que la S.C.H.L. demande des renseignements plus détaillés en matière de finances et de solvabilité.
3. L'acheteur doit fournir l'écart entre le prix de vente et le montant de l'hypothèque de premier rang. L'acheteur doit avoir les ressources suffisantes pour respecter cette exigence et pour justifier toute somme d'argent supplémentaire ou tout emprunt requis pour conclure la transaction de vente. Il ne sera pas permis d'encastreter d'autres charges grevant la propriété.
4. Le projet doit être vendu à des résidents canadiens ou à une corporation dont le contrôle est canadien.
5. Une réévaluation à la hausse du niveau d'aide n'aura pas lieu par suite de la vente. Une augmentation de l'avoir propre ne sera pas reconnue aux fins du calcul du montant de l'aide ou du rendement de l'avoir propre. Le montant en dollars du rendement de l'avoir propre convenu avec le propriétaire/emprunteur demeurera inchangé. Le montant de l'aide continuera à reposer sur les données sur lesquelles il y avait eu accord avec l'emprunteur original ou comme si l'opération n'avait pas eu lieu.
6. Dans le cas où l'avoir propre de l'acheteur est inférieur à celui qui apparaît dans la convention P.A.L.L., la convention qui doit être prise en charge sera modifiée de façon à refléter le montant inférieur de l'avoir propre de même que le rendement de l'avoir propre correspondant.
7. La garantie du propriétaire original continuera d'être requise à moins que le nouveau propriétaire du projet puisse fournir une garantie apte à satisfaire la Société.
8. L'acheteur doit démontrer à la satisfaction de la Société qu'il est apte à gérer un tel projet ou alors prendre les dispositions nécessaires pour assurer la gestion compétente de la propriété.
9. L'acheteur doit accepter de prendre en charge toutes les conditions et modalités de l'accord d'exploitation existant qui doit être modifié tel qu'il est prévu aux présentes ainsi que du prêt hypothécaire P.A.L.L.
10. L'emprunteur original est responsable du parachèvement du projet.
11. Il faut que le prêteur de premier rang confirme l'approbation de la transaction de vente avant le transfert de la Convention Hypothèque P.A.L.L.
12. Lorsque la vente se produit après le déboursement, l'aide, avancée jusqu'à cette date doit être remboursée entièrement. Le transfert de la Convention Hypothèque P.A.L.L. ne sera pas signé avant que cette condition ait été respectée. La Société n'annulera pas l'aide versée et elle ne sera pas transportée au profit de l'acheteur.

La S.C.H.L. se réserve le droit d'exiger des conditions supplémentaires relativement au transfert de la Convention P.A.L.L. dans des situations bien précisées.

De telles conditions supplémentaires s'appliquent dans le cas d'une vente à un fiduciaire.

CONDITIONS D'ANNULATION

1. La Société annulera partiellement ou totalement la dette contractée à l'égard de l'hypothèque de deuxième rang lorsque:
 - la Convention P.A.L.L. contient une disposition à cet effet,
 - la Convention P.A.L.L. est résiliée par suite d'une vente, et lorsque le prix de vente (en cas de vente de bonne foi à la valeur marchande) n'exécède pas le montant de l'hypothèque de premier rang en plus du montant de l'avoir propre tel que le définit la Convention et des frais de vente reconnus par la S.C.H.L.
2. Il appartient à l'emprunteur de démontrer à la satisfaction de la Société que la transaction de vente s'effectue de bonne foi et selon "la juste valeur du marché".
3. Aux fins d'établir "la juste valeur du marché", il faut tenir compte entièrement de la valeur ajoutée découlant des avantages fiscaux qui se rapportent aux projets. Il faut également tenir compte des avantages fiscaux et financiers dont aurait bénéficié le projet si l'acheteur éventuel et la Société avaient convenu de poursuivre la Convention P.A.L.L.

CMHC MORTGAGE LOAN INSURANCE

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1. Name - Enter the vendor's name and address.
2. Telephone Number - Enter the vendor's home and office numbers.
3. Purchaser - Enter the Purchaser's name and address.
4. Purchase Details - Enter the address of the property being sold.
5. Address Where Assistance Cheque is to be Sent - Enter the address where the assistance cheques are to be sent.
6. Amount of First Mortgage to be Assumed - Enter the amount of the first mortgage to be assumed.
7. Equity - Enter the amount of cash to be provided by the purchaser, amount of equity other than cash equity, providing details, and the total equity provided by the purchaser.
8. Sale Price - Enter the sale price.
9. Closing Date of Sale - Enter the date of the sale.
10. Total Assisted Rental Program - Enter the total ARP disbursements up to the sale closing date.
11. Total Units in Project - Enter the total number of units in the project.
12. Number of Units Occupied - Enter the number of units occupied.
13. ARP Reference Number - Enter the ARP reference number, CMHC account number, Lender's reference number and CMHC office location.
14. First Mortgage Lender - Enter the name and address of the first mortgage lender.
15. Documents Required - Check the applicable box to indicate that the respective documents have been included with the application.

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

CMHC 2182

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16. Date and Vendor's Signature - Ensure the vendor dates and signs this form.
17. Date and Purchaser's Signature - Ensure the purchaser dates and signs this form.

CMHC MORTGAGE LOAN INSURANCE

INSURANCE SERVICING

CMHC 2248

Section

FORMS COMPLETION

Subject

Quick Settlement Claim
and Assignment of
Graduated Payment
Mortgage

Page

1

1990-10-01

Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

Canada

QUICK SETTLEMENT CLAIM AND ASSIGNMENT
OF GRADUATED PAYMENT MORTGAGE

Page 1 of 3

TO Manager Operations, Asset Management Directorate, Canada Mortgage and Housing Corporation, Montreal Rd., Ottawa, K1A 0P7, Canada	CMHC account no.: 1	Date: 3
	Lender's reference no.: 2	
FROM: 4	Address: 5	

We wish to exercise the Quick Settlement option in exchange for an assignment of the Graduated Payment Mortgage.

CLAIMANT

We are <input type="checkbox"/> the mortgagee 6	OR	We are <input type="checkbox"/> the Approved Lender administering the loan for the following mortgagee 7
Name of current beneficiary under Mortgage Loan Insurance Policy: 8		

WARRANTY

Mortgage Registration Number: 9
We warrant that as of the date hereof the mortgage forms a first charge on the mortgaged property registered in the name of the assignor and the assignment enclosed is a valid and effective assignment in registerable form, and there are no defects in title in existence on the date of assignment of the mortgage to CMHC, except those approved by CMHC pursuant to Sections 21 or 37 of the National Housing Loan Regulations or except defects within the meaning of sub-section 44(3) of the regulations, and We undertake to save the Corporation harmless from defects in title, except defects created by changes in law occurring subsequently to the date of registration of the mortgage identified herein.

CERTIFICATION **10**

<input type="checkbox"/> No formal legal action for default has been initiated.
<input type="checkbox"/> Construction has been completed and the loan fully disbursed.
<input type="checkbox"/> To the best of our knowledge, there is no damage to the mortgaged property due to fire or other hazards.
A voluntary transfer of title from the mortgagor to the lender was not possible for the following reason(s): 11

CMHC MORTGAGE LOAN INSURANCE

Section

FORMS COMPLETION

Subject

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Mortgage

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PROPERTY DETAILS

Page 2 of 3

Name of current owner/mortgagor: 12	
Address of mortgaged property: 13	Mailing address of mortgagor (if different than property civic address): 14
Property contains: 15 Family housing units	Is: <input type="checkbox"/> Vacant 16 <input type="checkbox"/> Occupied, BY <input type="checkbox"/> Mortgagor 17 <input type="checkbox"/> Other
If vacant, key is obtainable from: Name: 18 Address: Telephone:	
If property occupied by other than mortgagor, provide details of occupancy arrangements if known: 19	If property is a multiple family rental project, provide date administration of project was undertaken by lender, if applicable. 20

DOCUMENTS ENCLOSED

<input type="checkbox"/> Assignment of mortgage to CMHC duly executed and in registerable form in duplicate (common law provinces) and triplicate (Province of Quebec) 21
<input type="checkbox"/> Where applicable, assignment of any additional security taken against the mortgaged property

ESSENTIAL ENCLOSURES (Photocopies unacceptable)

COMMON LAW PROVINCES 22	PROVINCE OF QUEBEC
<input type="checkbox"/> Registered copy of mortgage	<input type="checkbox"/> Registered copy of mortgage
<input type="checkbox"/> Registered copy of any prior assignment of mortgage, where applicable	<input type="checkbox"/> Registered copy of any prior assignment of mortgage, where applicable
<input type="checkbox"/> Agreement to Assume Mortgage on builder's loan, where applicable	<input type="checkbox"/> Agreement to Assume Mortgage on builder's loan, where applicable (Deed of Sale)
<input type="checkbox"/> Documentation concerning postponement of interest adjustment date and maturity date	<input type="checkbox"/> Documentation concerning postponement of interest adjustment date and maturity date
<input type="checkbox"/> Survey plan or certificate	<input type="checkbox"/> Survey plan or certificate
<input type="checkbox"/> Renewal or extensions of mortgage	<input type="checkbox"/> Renewal or extensions of mortgage
<input type="checkbox"/> Modification agreements which effect the mortgage, where applicable	<input type="checkbox"/> Modification agreements which effect the mortgage, where applicable
<input type="checkbox"/> Registered copy of lease for loans on leasehold estate, where applicable	<input type="checkbox"/> Registered copy of lease for loans on leasehold estate, where applicable
<input type="checkbox"/> Partial discharge or Right-of-Way Agreements, where applicable	<input type="checkbox"/> Deeds of Main levee or Servitudes, where applicable
<input type="checkbox"/> Mortgage Loan Insurance Policy	<input type="checkbox"/> Mortgage Loan Insurance Policy
	<input type="checkbox"/> Certificate of Search(es)

ONLY REQUIRED IF IN LENDER'S POSSESSION

COMMON LAW PROVINCES 23	PROVINCE OF QUEBEC
<input type="checkbox"/> Certificate of Charge (Alta., Man., Sask.)	<input type="checkbox"/> Party Wall Agreements, where applicable
<input type="checkbox"/> Certificate of Encumbrances (B.C.)	<input type="checkbox"/> Other title documents applicable to the mortgage in the lender's possession. Specify:
<input type="checkbox"/> Certificate of Ownership of Charge (Ont. Land Titles)	
<input type="checkbox"/> Party Wall Agreements, where applicable	
<input type="checkbox"/> Other title documents applicable to the mortgage in the lender's possession. Specify	

CMHC 2248 11 87

FRANÇAIS AU VERSO

Section FORMS COMPLETION	Subject Quick Settlement Claim and Assignment of Graduated Payment Mortgage	Page 3
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ACCOUNT PARTICULARS ENCLOSED

<input type="checkbox"/> Detailed transcript of mortgage and tax accounts since inception including loan advancing transactions.	24
<input type="checkbox"/> Explanation of posting symbols of accounting transactions	25
PROVIDE THE FOLLOWING INFORMATION IF NOT SHOWN ON TRANSCRIPT OF ACCOUNTS: 26	
Final loan amount disbursed including M.I.F. fee	_____
Final interest adjustment date	_____
Interest rate	_____
First payment date	_____
Maturity date	_____
Loan term	_____
Amortization period	_____
Due date of last complete instalment paid (Not date on which payment was received)	_____
Required G.P.M. Monthly Principal and Interest Mortgage Payment currently in effect	_____
Monthly Tax Payment currently in effect	_____

ENCLOSURES

27
<input type="checkbox"/> Name of municipal taxing authority and if applicable name of school taxing authority
<input type="checkbox"/> Statement of property taxes paid showing type of taxes payable and tax period covered by last payments made by lender
<input type="checkbox"/> Details of arrears now due from the borrower and photocopies of all correspondence on recent arrears collective action
<input type="checkbox"/> Original or photocopies of receipts for borrower's charges, where applicable
<input type="checkbox"/> Copy of property management agreement and monthly statements of revenue and expenditures where lender has undertaken administration of multiple family rental project.

PROPERTY INSURANCE

28	29
<input type="checkbox"/> Insurance policy(s) held by lender in respect to mortgage being sold to CMHC	<input type="checkbox"/> If insurance policy(s) are not held by lender for housing project(s) of three or more units provide the following particulars: - Name of insurance company - Name/address of Agent/Broker - Policy number - Expiry date of policy - Amount of building coverage
<input type="checkbox"/> Notice - Insurance Directive - CMHC 2249, transferring all rights, title and interest in any Fire Insurance Policy on the said property	

TITLE OR POSITION 30	DATE 31	SIGNATURE 32
-------------------------	------------	-----------------

Section

FORMS COMPLETION

Subject

Quick Settlement Claim
and Assignment of
Graduated Payment
Mortgage

Page

4

1990-10-01

QUICK SETTLEMENT CLAIM STATEMENT

A. Principal balance owing on the mortgage account at date interest was due and unpaid, after allowing for any credit in tax account. (Do Not include any Borrower's charges)

B. Approved borrowers' charges as defined by National Housing Loan Regulation 47.

NATURE OF CHARGE	DATE PAID	AMOUNT
34		

NOTE: SECTIONS C AND D BELOW WILL BE COMPLETED BY CMHC

C. Interest at the mortgage rate: on the amount specified in A. from the date interest was due and unpaid, and on each amount specified in B. from the date the charge was incurred;

- (i) for a period of six months, or
(ii) to the date the completed application for quick settlement is received, whichever is the shorter period.

PERIOD: FROM	TO	NO. DAYS	AMOUNT	INTEREST
35				

D. Interest at the mortgage rate on each amount specified in A, B, and C from the date of receipt by the Corporation of the completed application for quick settlement to the date payment is remitted to the lender by CMHC.

PERIOD: FROM	TO	NO. DAYS	AMOUNT	INTEREST
36				

TOTAL SETTLEMENT

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Quick Settlement Claim and Assignment of Graduated Payment Mortgage	5
		1990-10-01

1. CMHC Account Number - Enter the CMHC account number.
2. Lender's Reference No. - Enter the Approved Lender's reference number.
3. Date - Identify the date that the claim is completed.
4. From - Identify the name of the Approved Lender filing the Quick Settlement Claim.
5. Address - Enter the address of the Approved Lender.
6. Claimant - Check the first box to indicate if the Approved Lender is the mortgagee. Check the second box to indicate if the Approved Lender administers the loan on behalf of a mortgagee.
7. Enter the name of the current mortgagee.
8. Current Beneficiary - Indicate who is entitled to payment of proceeds under the Quick Settlement Claim.
9. Mortgage Registration Number - Enter the registered mortgage number which appears on title.
10. Certification - Check all three boxes to indicate that all requirements have been met. Where a box has not received a check mark, a full explanation, in writing, is required.
11. Voluntary Transfer of Title - Disregard completion of this space.
12. Name of Current Owner/Mortgagor - Indicate the present registered owner of the mortgaged property.
13. Address of Mortgaged Property - Indicate the civic address of the mortgaged property.
14. Mailing Address of Mortgagor - Indicate the mortgagor's address if different than the property civic address in field 13.

CMHC MORTGAGE LOAN INSURANCE

Section FORMS COMPLETION	Subject Quick Settlement Claim and Assignment of Graduated Payment Mortgage	Page 6 1990-10-01
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15. Property Contains - Enter the number of housing units involved.
16. Is - Check box one if vacant, or box two if the property is occupied.
17. By - If field 16 indicates that the unit is occupied, check box one or two to indicate whether by mortgagor or someone else.
18. Unit Vacant - Identify the name, address and telephone number of the person in possession of the key to the vacant property.
19. Property Occupied by - Provide details of the occupancy arrangement of the unit, if other than the mortgagor and if known by the lender.
20. If Property Is - Include the date in which the administration of the multiple family rental project was undertaken, if applicable.
21. Documents Enclosed - Check box one to signify that the executed assignment of the mortgage is included. Check box two to signify that the assignment of any additional security is included, where applicable.
22. Essential Enclosures - Check all boxes to signify the inclusion of mandatory documents, where applicable. Note that photocopies of essential enclosures are unacceptable.
23. Only Required if in Lender's Possession - Check those boxes where documents in the lender's possession have been included.
24. Detailed Transcript - Check box to signify that the financial data history of the mortgage account is included.
25. Explanation of Posting Symbols - Check the box to indicate that the table of explanation of accounting posting symbol transactions is included.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Quick Settlement Claim and Assignment of Graduated Payment Mortgage	7
		1990-10-01

26. Provide the Following Information - Provide additional information which is not included with the transcript of account under field 24.
27. Enclosures - Check the appropriate box and include the required information and supporting documentation on borrower's charges, where applicable.
28. Property Insurance - Check box one and two and include the fire insurance policy and Notice - Insurance Directive, CMHC 2249.
29. Property Insurance - Check the box and provide the required information concerning insurance particulars if the Quick Settlement Claim relates to three or more units.
30. Title or Position - Identify in the space provided, the lender representative's title or position.
31. Date - Identify the date that the claim was completed.
32. Signature - Enter the signature of the lender's representative.
33. Item A - Indicate the principal balance owing - calculated by the lender.
34. Item B - Indicate all borrower's charges included in the Quick Settlement claim.
35. Item C - CMHC will complete the interest calculation on items A and B above.
36. Item D - CMHC will complete the interest calculation on items A and B above.
37. Total Settlement - CMHC will total fields 33 to 36.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Notice - Insurance Directive	1
		1990-10-01

Canada Mortgage
and Housing CorporationSociété canadienne
d'hypothèques et de logement

Canada

NOTICE - INSURANCE DIRECTIVE / AVIS - DIRECTIVES RELATIVES À L'ASSURANCE

TO THE INSURING COMPANY OR ITS AUTHORIZED AGENT
À LA COMPAGNIE D'ASSURANCE OU À SON AGENT AUTORISÉCMHC/SCHL 2249
5/81

CMHC Account No./N° de compte SCHL: 1	Lender's Reference No.; N° de référence du Prêteur: 2	Fire Insurance Policy No.; N° de la Police d'Assurance - Incendie: 3
Name of Insurance Company/Nom de la Compagnie d'Assurance: 4		
Re - Mortgagor's Name/Objet - Nom du Débiteur Hypothécaire: 5		
Civic Address/Adresse: 6	Brief Legal Description/Brève Description Légale: 7	

This is to inform you that

8

La présente vous informe que

has sold its first mortgage on the above identified
property to:a vendu sa créance hypothécaire de premier rang sur la
propriété identifiée ci-dessus àCANADA MORTGAGE AND HOUSING
CORPORATIONLA SOCIÉTÉ CANADIENNE D'HYPOTHÈQUES
ET DE LOGEMENT

and hereby transfers all rights title and interest in
any Fire Insurance Policy on the said property.
This will be your good and sufficient authority to
arrange for the issuance of an endorsement covering
the loss payable clause to CMHC.

et cède par la présente tous ses droits, titres et intérêts
relatifs à toute police d'assurance - incendie sur ladite
propriété. La présente vous servira d'autorisation valide
et suffisante pour l'émission d'un avenant relatif aux pertes
payables à la SCHL.

Please attend to the above matter immediately and
send one original signed endorsement to the insured
for attachment to his Fire Insurance Policy and one
copy to CMHC at the following address:

Veuillez vous occuper de cette affaire immédiatement et
envoyer l'original signé de l'avenant à l'assuré pour qu'il
l'annexe à sa police et une copie à la SCHL à l'adresse
suivante:

Approved Lender's name: Nom du Prêteur Agréé: 9	
Date: 10	Signature: 11

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Notice - Insurance Directive	2
		1990-10-01

1. CMHC Account Number - Enter the CMHC 8-digit account number to identify the Approved Lender's insured mortgage loan.
2. Lender's Reference No. - Indicate Approved Lender's reference number.
3. Fire Insurance Policy No. - Enter the identification number of fire insurance policy issued to cover the mortgaged property.
4. Name of Insurance Company - Enter the name and address of the insuring company that has insured the mortgaged property.
5. Mortgagor's Name - Name(s) of mortgagor and co-applicant, if applicable.
6. Civic Address - Enter the civic address of the mortgaged property.
7. Brief Legal Description - Enter the lot and plan number of the mortgaged property.
8. This is to Inform You That... - Enter the name of the Approved Lender that has sold its insured first mortgage to CMHC.
9. Approved Lender's Name - Enter the name and address of the Approved Lender.
10. Date - Enter the date the Approved Lender completed the form.
11. Signature - Signature of the Approved Lender's authorized representative.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Status of Insured Second Mortgage Loan Arrears	1
		1990-10-01

Canada Mortgage and Housing Corporation  Société canadienne d'hypothèques et de logement

Canada

STATUS OF INSURED SECOND MORTGAGE LOAN ARREARS

FIRST MORTGAGE (CMHC INSURED <input type="checkbox"/> YES <input type="checkbox"/> NO) 1		SECOND MORTGAGE	
LENDER'S NAME		LENDER'S NAME 2	
REFERENCE NO	CMHC ACCOUNT NO	REFERENCE NO	CMHC ACCOUNT NO
PROPERTY ADDRESS			
STREET NO 3		STREET NAME	
CITY		PROVINCE	POSTAL CODE
PROPERTY DETAILS			
1. CONDITION OF PROPERTY 4 <input type="checkbox"/> GOOD <input type="checkbox"/> FAIR <input type="checkbox"/> POOR		2. REPAIRS REQUIRED 5 * <input type="checkbox"/> NO <input type="checkbox"/> YES	
4. ESTIMATED CURRENT MARKET VALUE 8 \$		3. DATE PROPERTY INSPECTED 7 \$ 6	
6. CO-OCCUPIED 11 <input type="checkbox"/> YES <input type="checkbox"/> NO		5. APPRAISAL ATTACHED 10 <input type="checkbox"/> YES <input type="checkbox"/> NO	
NAME OF OCCUPANT 12		RENTED 13 MONTHLY RENT 14 <input type="checkbox"/> YES <input type="checkbox"/> NO \$	
* PROVIDE A SEPARATE DESCRIPTION AND ESTIMATED COST FOR EACH TYPE OF REPAIR			
MORTGAGE DETAILS 15			
ITEM	FIRST MORTGAGE		SECOND MORTGAGE
BALANCE OUTSTANDING	\$		\$
TERM	YRS	MOS	YRS MOS
AMORTIZATION	YRS	MOS	YRS MOS
INTEREST RATE	%		%
MATURITY DATE			
ARREARS — INTEREST	\$		\$
— TAXES	\$		\$
— OTHER (SPECIFY)			
TYPE OF REMEDIAL ACTION TAKEN 16		REMEDIAL ACTION TAKEN BY 17	
CAUSE OF DEFAULT			
18			
CLAIM DETAILS			
ESTIMATED AMOUNT 19 \$		ESTIMATED DATE CLAIM TO BE SUBMITTED	
RECOMMENDATION/REMARKS			
20			
AUTHORIZED SIGNING OFFICER			
NAME AND TITLE (PLEASE PRINT) 21		SIGNATURE	DATE

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Status of Insured Second Mortgage Loan Arrears	2
		1990-10-01

1. First Mortgage (CMHC Insured) - Check the applicable box to indicate if the first mortgage is or is not insured by CMHC. If the first mortgage is insured by CMHC, enter the name of the lender, lender's reference number, and corresponding CMHC account number.
2. Second Mortgage - Enter the name of the lender for the second mortgage, lender's reference number, and corresponding CMHC account number on the insured second mortgage.
3. Property Address - Enter the property address including the street number, street name, city, province and postal code.
4. Condition of Property - Check the applicable box on the property condition.
5. Repairs Required - Check the applicable box to indicate if repairs are required. Note that if repairs are required, a separate sheet is to be attached to the CMHC 2790 and the nature of repairs are to be reported.
6. Estimated Amount - Enter the dollar amount of the estimated repair work to be completed.
7. Date Property Inspected - Enter the date that the property was inspected.
8. Estimated Current Market Value - Enter the current market value for the property.
9. As at (Date) - Enter the date on which the current market value was provided.
10. Appraisal Attached - Check the applicable box to indicate if an appraisal is attached to the CMHC 2790.
11. Occupied - Check the applicable box to report if the property is occupied.
12. Name of Occupant - Enter the name(s) of the occupant(s) of the property.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Status of Insured	3
	Second Mortgage Loan Arrears	1990-10-01

13. Rented - Check the applicable box to report if the property is rented.
14. Monthly Rent - Enter the dollar amount of monthly rent.
15. Mortgage Details - Enter the first and second mortgage details including the balance outstanding, term of mortgage, amortization period, interest rate, maturity date, and arrears particulars including interest arrears, taxes and other arrears.
16. Type of Remedial Action Taken - Enter the type of remedial action taken. This is to include the type of legal action and/or collection action taken.
17. Remedial Action Taken By - Enter the name of the party initiating the remedial action. For example, this would be the first mortgagee or lender's name where legal proceedings were initiated by the first mortgagee.
18. Cause of Default - Enter the cause(s) of default.
19. Claim Details - Enter the estimated amount of the claim to be submitted and the estimated date the claim is to be submitted in the fields provided.
20. Recommendation/Remarks - Enter any recommendations or remarks which CMHC should consider when evaluating the arrears information and action to be taken to rectify the situation.
21. Authorized Signing Officer - Print the name and title of the lender's authorized signing officer completing the CMHC 2790, the authorized officer's signature and date that the CMHC 2790 was prepared.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Delinquent Account Analysis	1
		1990-10-01

Canada Mortgage and Housing Corporation  Société canadienne d'hypothèques et de logement

Canada

DELINQUENT ACCOUNT ANALYSIS

Protected when completed

LENDER/BORROWER DETAILS		LENDER REFERENCE NO. 1	CMHC ACCOUNT NUMBER 2
LENDER'S NAME 3	BRANCH 4	TELEPHONE NO.	
BORROWER'S NAME 5	ADDRESS 6	RES. TELEPHONE NO.	
PROPERTY DETAILS			
CIVIC ADDRESS		LEGAL DESCRIPTION (Borrower owned)	
STREET NO. 7	STREET NAME	10	
CITY		CITY	
PROVINCE		PROVINCE	
POSTAL CODE		POSTAL CODE	
LAND ACQUISITION DATE 8		LAND ACQUISITION PRICE 9	
MORTGAGE DATE 12		MORTGAGE AMOUNT 11	
ARREAR DETAILS		TOTAL ARREARS 15	
MONTHLY PAYMENT 13	MONTHLY DUE DATE 14	DUE DATE OF LAST COMPLETE INSTALLMENT PAID 16	
INTEREST PAID 17	ANTICIPATED ADJUSTMENT DATE 19	SECURITY INSPECTED BY 20	
INTERVIEW DETAILS		INTERVIEW DATE 22	
Borrower's Name and Address 23		Borrower's Position 24	
BUS. TEL. NO. 25		PERIOD OF EMPLOYMENT 26	
Borrower's Employer's Name and Address 27		CO-BORROWER'S POSITION 28	
BUS. TEL. NO. 29		CO-BORROWER'S ANNUAL INCOME 30	
CO-BORROWER'S ANNUAL INCOME 31		ANNUAL AMOUNT 32	
TOTAL 33		TOTAL 33	
CREDITOR DETAILS			
CREDITORS OF ALL LIABILITIES		AMOUNT - \$	PAYMENT - \$
34		35	36
37		38	39
DEFAULT CAUSE (CHECK APPROPRIATE BOXES)			
<input type="checkbox"/> 01 UNEMPLOYMENT 40	<input type="checkbox"/> 02 MENTAL PROBLEMS	<input type="checkbox"/> 03 REDUCED INCOME	<input type="checkbox"/> 04 DEATH OR ILLNESS IN FAMILY
<input type="checkbox"/> 05 BANKRUPTCY	<input type="checkbox"/> 06 LOAN RENEWAL	<input type="checkbox"/> 07 OTHER (SPECIFY)	
SPECIAL PAYMENT ARRANGEMENTS			
CMHC PAYMENT CO-OPERATIVE LENDER 41			
STATUS OF LEGAL AND MARKETING ACTIONS			
LEGAL ACTION 42			
MARKETING ACTION 43			
LEGAL ACTION 44			
LEGAL ACTION 45			
LEGAL ACTION 46			
LEGAL ACTION 47			
LEGAL ACTION 48			

Subject to the Privacy Act. Individuals have a right of access to CMHC controlled information about themselves.

FRANÇAIS AU VERSO

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Delinquent Account Analysis	2
		1990-10-01

1. Lender Reference No. - Enter the lender reference number.
2. CMHC Account Number - Enter the CMHC account number.
3. Lender's Name - Enter the name of the lender completing the CMHC 2846.
4. Branch - Enter the name of the lender's branch office.
5. Borrower's Name - Enter the name of the delinquent borrower.
6. Address / Res. Telephone No. - Enter the borrower's address and residential telephone number.
7. Civic Address - Enter the property civic address where the property is located.
8. Property is vacant/occupied by - Check the applicable box.
9. Current Monthly Rent (where applicable) - Enter the current dollar amount of monthly rent.
10. Legal Description - Enter the legal description if the borrower owns the property where the chattel is situated.
11. Lender Joint Inspection Contact - Enter the name of the lender's representative to be contacted for a joint inspection of the chattel. This will include the company name, address and telephone number.
12. Attached is a copy of Payment History from Inception - Check the box and forward a copy of the borrower's payment history from inception of the loan.
13. Monthly Payment - Enter the borrower's required monthly payment.
14. Monthly Due Date - Enter the monthly date that payments are due.
15. Total Arrears - Enter the total arrears (PIT, leasehold arrears and other borrower's charges).

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Delinquent Account Analysis	3
		1990-10-01

16. Due Date of Last Complete Instalment Paid - Enter the due date of the last complete instalment paid. Note that this is not necessarily the date on which the payment was received.
17. Principal Balance Owing - Enter the principal balance owing.
18. As at - Enter the year, month, day corresponding to the principal balance owing in field 17.
19. Anticipated Acquisition Date - Enter the year, month, day that it is anticipated that the chattel will be acquired.
20. Security Inspected On - Enter the year, month, day that the security was inspected.
21. General Condition - Enter the general condition of the chattel security as one of excellent, good, fair or poor as the situation warrants. Provide a detailed separate report if the chattel is good, fair or poor.
22. Interview Held On - Enter the date on which a borrower interview was held.
23. Borrower's Employer's Name and Address, Bus. Tel. No. - Enter the borrower's employer's name, address and business telephone number.
24. Borrower's Position - Enter the title or position filled by the borrower when employed.
25. Period of Employment - Enter the year, month, day that the borrower began employment and the year, month, day that the employment was terminated. If the borrower's employment has not been terminated, enter the date the CMHC 2846 was prepared.
26. Borrower's Annual Income - Enter the dollar amount of the borrower's annual income.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Delinquent Account Analysis	4
		1990-10-01

27. Co-Borrower's Employer's Name and Address, Bus. Tel. No. - Enter the co-borrower's employer's name, address and business telephone number.
28. Co-Borrower's Position - Enter the title or position filled by the co-borrower when employed.
29. Period of Employment - Enter the year, month, day that the co-borrower began employment and the year, month, day that the employment was terminated. If the co-borrower's employment has not been terminated, enter the date the CMHC 2846 was prepared.
30. Co-Borrower's Annual Income - Enter the dollar amount of the co-borrower's annual income.
31. Source of Additional Income - Enter the source of any additional income.
32. Annual Amount - Enter the annual dollar amount of additional income.
33. Total - Enter the total of fields 26, 30 and 32.
34. Creditors of All Liabilities - Enter the names of all creditors.
35. Amount - \$ - Enter the outstanding balances owed to each creditor.
36. Payment - \$ - Enter the required payment to each creditor.
37. Present Total Debt Service Ratio - Enter the borrower's total debt service ratio.
38. Total - Enter the total dollar amount due to all creditors.
39. Total - Enter the total of required payments owed to all creditors.
40. Default Cause - Check the applicable box to identify the default cause. Enter in the space provided the cause of default where there is not an appropriate check box.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Delinquent Account Analysis	5
		1990-10-01

41. Recommendation(s) of Approved Lender - Enter the recommendation(s) of the type of special payment arrangement being considered by the lender.
42. Legal Action - Enter the steps taken by the Approved Lender to resolve arrears, status of collection action, relevant dates and legal action initiated by the Approved Lender or under consideration.
43. Marketing (Including/Excluding Relocation, Sale Price, etc.) - Enter the details of any marketing action undertaken or under consideration. This must also include the possibility or likelihood of relocation, appraised market value as at (date), and listing sale price and relocation costs.
44. Lender Authorized Officer - Print name of lender's authorized signing officer.
45. Title - Enter the title of the lender's authorized officer.
46. Signature - Lender's authorized signing officer must sign the form.
47. Date - Enter the date the CMHC 2846 was completed and signed.
48. Address, Telephone No. - Enter the address and business telephone number of the lender's authorized officer.

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Special Payment Analysis Worksheet - Approval Homeowner Borrowers	1
		1990-10-01



Canada

**SPECIAL PAYMENT
ANALYSIS WORKSHEET - APPROVAL
HOMEOWNER BORROWERS**

**FORMULE D'ÉTABLISSEMENT DES
MODALITÉS SPÉCIALES - APPROBATION
PROPRIÉTAIRES-OCCUPANTS EMPRUNTEURS**

DISTRIBUTION: •Approved Lender
•Copy to Director,
Mortgage Insurance Operations Centre
National Office

ADRESSER AU: •Prêteur agréé
•Copie au directeur,
Centre des opérations d'assurance hypothécaire,
Bureau national

LENDER'S DETAILS / DÉTAILS DU PRÉTEUR

NAME OF LENDER / NOM DU PRÉTEUR	1
LENDER'S REF. NO. / N° DE RÉFÉRENCE DU PRÉTEUR	2
CMHC ACCOUNT NO. / N° DE COMPTE DE LA SCHL	3

BORROWER'S DETAILS / DÉTAILS DE L'EMPRUNTEUR

BORROWER'S NAME / NOM DE L'EMPRUNTEUR	4
PROPERTY ADDRESS / ADRESSE DE LA PROPRIÉTÉ	5
MAILING ADDRESS (IF DIFFERENT) / ADRESSE POSTALE (S'IL Y A LIEU)	6

TOTAL MONTHLY GROSS FAMILY INCOME FROM ALL SOURCES / TOTAL DU REVENU MENSUEL FAMILIAL BRUT DE TOUTES PROVENANCES	7
\$	
SOURCES / PROVENANCES	8

PRESENT EMPLOYMENT STATUS / STATUT PROFESSIONNEL ACTUEL	9
---	---

UNEMPLOYED / EMPLOYMENT PROSPECTS / PERSPECTIVES D'EMPLOI DES PERSONNES AU CHOMAGE	10
--	----

SIZE OF FAMILY / TAILLE DE LA FAMILLE	11
---------------------------------------	----

PROPERTY MORTGAGE OBLIGATIONS (Indicate which is NHA insured) / OBLIGATIONS HYPOTHECAIRES (Indiquer les prêts assurés LNH)

	1 ST MORTGAGE PRÊT HYP. DE 1 ^{ER} RANG	2 ND MORTGAGE PRÊT HYP. DE 2 ^E RANG	3 RD MORTGAGE PRÊT HYP. DE 3 ^E RANG	OTHER AUTRE
PRESENT BALANCE / SOLDE COURANT	12			
REQ'D MONTHLY PAYMENT / MENSUALITÉ	13			
INTEREST RATE / TAUX D'INTÉRÊT	14			
NEXT RENEWAL DATE / DATE DE RENOUVELLEMENT	15			
NAME OF LENDER / NOM DU PRÉTEUR	16			
PRESENT ARREARS / ARRIÈRES COURANTS	17			

ORIGINAL COST OF HOME / COÛT ORIGINAL DU LOGEMENT	18	ANNUAL TAXES / TAXES ANNUELLES	19	MARKET VALUE / VALEUR MARCHANDE	20
\$		\$		\$	

OTHER FINANCIAL OBLIGATIONS / AUTRES OBLIGATIONS FINANCIÈRES

OWING TO / CRÉANCIER	NATURE OF DEBT / NATURE DE LA DETTE	PRESENT BALANCE / SOLDE COURANT	REQ'D MO. PAYMENT / MENSUALITÉ À VERSER	ARREARS / ARRIÈRES
21	22	23	24	25

EXISTING SPECIAL PAYMENT ARRANGEMENTS FOR MORTGAGES AND OTHER FINANCIAL OBLIGATIONS (IF ANY) / MODALITÉS SPÉCIALES DE REMBOURSEMENT POUR AUTRES OBLIGATIONS FINANCIÈRES (S'IL Y A LIEU)

26

CMHC MORTGAGE LOAN INSURANCE

Section	Subject	Page
FORMS COMPLETION	Special Payment Analysis Worksheet - Approval Homeowner Borrowers	2
		1990-10-01

Page 2 of 2

PROPOSED SPECIAL PAYMENT ARRANGEMENT FOR NHA-INSURED MORTGAGES / MODALITES SPECIALES DE REMBOURSEMENT DU PRET HYPOTHECAIRE ASSURE DE PREMIER RANG

(a) Required Monthly Payment change from \$ _____ to \$ _____ \$ _____ effective _____ to _____ (Date)	(a) Mensualité à verser passe de _____ \$ à _____ \$ à compter du _____ jusqu'au _____ (Date)
(b) New Gross Debt Service Ratio (GDS) equals _____ % (Total Gross Monthly Family Income divided into amended NHA Mortgage Payments including prior mortgage, if any should produce a GDS of at least 30%)	(b) Nouveau coefficient d'amortissement brut de la dette (ABD) _____ % (le total du revenu mensuel familial brut, divisé par les mensualités hypothécaires LNH modifiées comprenant le premier prêt hypothécaire, devrait donner un coefficient ABD d'au moins 30 p. 100)
(c) Borrower's previous payment record _____	(c) Fiche de remboursement antérieure de l'emprunteur
(d) Date when account last in current position _____	(d) Compte à jour pour la dernière fois le: _____

TYPE OF RECOVERY OF ARREARS PLAN ANTICIPATED / METHODE PREVUE POUR LE RECOUVREMENT DE L'ARRIERE

Recovery of arrears over two years or less (specify period) _____	<input type="checkbox"/> Recouvrement de l'arriéré au cours d'une période de deux ans ou moins (indiquer la durée)
Reamortization of loan (Provide brief details):	<input type="checkbox"/> Reamortissement du prêt (expliquer brièvement)
To be resolved at a later date	<input type="checkbox"/> La question sera réglée plus tard
Capitalization of interest arrears requires the prior consent of the Director, Mortgage Insurance Operations Centre	<input type="checkbox"/> Accord du directeur, Centre des opérations d'assurance hypothécaire, préalable à la capitalisation des arriérés d'intérêt.
Other (identify)	<input type="checkbox"/> Autre (préciser)

REASON(S) FOR SPECIAL PAYMENT ARRANGEMENT / JUSTIFICATION DES MODALITES SPECIALES DE REMBOURSEMENT

Give brief details of borrower's circumstances and basis to expect success: / Breve description de la situation de l'emprunteur et raisons permettant de croire au remboursement du prêt
29

LENDER APPROVAL / APPROBATION DU PRETEUR

The special payment arrangement plan stated above has been approved by the lender and does not require the prior consent of CMHC	<input type="checkbox"/> Les modalités spéciales de remboursement énoncées ci-dessus ont été approuvées par le prêteur et ne nécessitent pas l'accord préalable de la SCHL
Distribution to: Director Mortgage Insurance Operations Centre National Office, Canada Mortgage and Housing Corporation Ottawa, Ontario	Addressed to: Directeur, Centre des opérations d'assurance hypothécaire, Bureau national Société canadienne d'hypothèques et de logement Ottawa (Ontario)
SIGNATURE - NAME AND TITLE - SIGNATURE - NOM ET TITRE	DATE
30	

LENDER RECOMMENDATION / RECOMMANDATION DU PRETEUR

The Approved Lender requests that CMHC approve on the special payment arrangement plan as outlined herein.	<input type="checkbox"/> Le prêteur agit demande à la SCHL d'approuver les modalités spéciales de remboursement, décrites ci-dessus
31	
SIGNATURE - NAME AND TITLE - SIGNATURE - NOM ET TITRE	DATE
32	

CMHC APPROVAL / APPROBATION DE LA SCHL

Special payment arrangement plan is acceptable to CMHC.	Les modalités spéciales de remboursement sont acceptables à la SCHL
CMHC BRANCH OFFICE MANAGER / DIRECTEUR DE LA SUCCURSALE SCHL	DATE
BRANCH / SUCCURSALE	

INSURANCE SERVICING

CMHC 2886

CMHC MORTGAGE LOAN INSURANCE

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1. Name of Lender - Enter the name of the insured Approved Lender.
2. Lender's Reference Number - Enter the lender reference number.
3. CMHC Account Number - Enter the CMHC account number.
4. Borrower's Name - Enter the name(s) of the borrower(s).
5. Property Address - Enter the property civic address where the property is located.
6. Mailing Address (If Different) - Enter the mailing address where different from the property address.
7. Total Monthly Gross Family Income From All Sources - Enter the total dollar amount of total monthly gross family income from all sources.
8. Source(s) - Indicate the source(s) of gross family income and related dollar amount.
9. Present Employment Status - Indicate whether or not the borrower(s) are presently fully employed, unemployed, part-time employed.
10. If Unemployed, Employment Prospects - Complete this field by indicating the borrower's employment prospect where the borrower(s) are unemployed.
11. Size of Family - Enter the number of dependents and parent(s).
12. Present Balance - Enter the present balance of any mortgages outstanding.
13. Required Monthly Payment - Enter the required monthly payment applicable to the outstanding mortgage indebtedness.
14. Interest Rate - Enter the current interest rate applicable to the mortgage instrument.

CMHC MORTGAGE LOAN INSURANCE

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15. Next Renewal Date - Enter the date on which the mortgage will renew.
16. Name of Lender - Enter the name of the lender as first mortgagee, second mortgagee, etc.
17. Present Arrears - Enter the present arrears for all the relevant property mortgage obligations.
18. Original Cost of Home - Enter the original cost or purchase price of the home.
19. Annual Taxes - Enter the annual amount of property taxes.
20. Market Value - Enter the estimated market value of the property or actual property value, if known.
21. Owing to - Enter the names of creditors where other financial obligations are applicable.
22. Nature of Debt - Enter the nature of the debt, e.g. car loan, furniture, etc.
23. Present Balance - Enter the present outstanding balance of the other financial obligations.
24. Required Monthly Payment - Enter the dollar amount of the required monthly payment relevant to the other financial obligations.
25. Arrears - Enter the amount of the current arrears, if applicable.
26. Existing Special Payment Arrangements for Mortgage and Other Financial Obligations - Enter the details of any existing special payment arrangements of any of the mortgages outstanding or any of the other financial obligations.

CMHC MORTGAGE LOAN INSURANCE

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27. Proposed Special Payment Arrangements - Enter the details of the proposed special payment arrangements, the resulting new Gross Debt Service ratio, details of the borrower's previous payment record, and the date when the account was last in a current position.
28. Type of Recovery of Arrears Plan Anticipated - Check the appropriate box to indicate the type of recovery of arrears plan anticipated.
29. Reason(s) For Special Payment Arrangement - Enter details of the borrowers circumstances and the basis to expect that the special payment arrangements proposed will meet with success.
30. Signature - Name and Title - Print the name and title of the lender's authorized signing officer, signature of the lender's authorized signing officer, after checking the applicable box to indicate that the special payment arrangement plan has been approved by the lender and does not require the prior consent of CMHC.
31. Lender Recommendation - Check the applicable box where the lender requests that CMHC provide approval on the special payment arrangement plan and provide details of the proposed special payment arrangement.
32. Signature - Name and Title - Print the name and title of the lender's authorized signing officer, signature of the lender's authorized signing officer, and date the form was completed.
33. CMHC will complete the remainder of this form.

CMHC MORTGAGE LOAN INSURANCE

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Canada

ASSIGNMENT OF MORTGAGE - UNDERTAKINGS

Protected when completed

DATE		LENDER REFERENCE NO.	CMHC USE ONLY	DATE CLAIM REC'D
1		2	CMHC ACCOUNT NUMBER	3
TO: MORTGAGE INSURANCE OPERATIONS CENTRE CANADA MORTGAGE AND HOUSING CORPORATION 700 MONTREAL ROAD OTTAWA, ONTARIO K1A 0P7			FROM: 4 (called "Claimant" below)	

UNDERTAKINGS

The Claimant in support of its claim for payment, and as a condition of payment, under its mortgage loan insurance policy and the National Housing Act (NHA), hereby undertakes as follows:

1. IF
 - a) the mortgaged property is not clear of all encumbrances, except as provided by regulation or as approved by CMHC, or
 - b) there is a claim or right that may be asserted in a proceeding on the loan, mortgage or other security by way of set-off or counter-claim,then the Claimant shall
 - (i) repay to CMHC any amount paid to the Claimant under NHA subsection 14.7(1);
 - (ii) pay to CMHC the amount represented by "B" in the formula set out in NHA Section 14.5;
 - (iii) reimburse CMHC in respect of any costs incurred by CMHC in respect of the mortgaged property and the enforcement of the loan or the security therefor;
 - (iv) pay interest to CMHC in respect of any amount or costs referred to in paragraph 1(i), (ii) or (iii) hereof; or
 - (v) accept a transfer of the mortgaged property, or an assignment back of the loan and all security therefor, as the case may be, to the extent that CMHC has the right to do so, as well as the payment of the proceeds or fruits of their disposition or enforcement by CMHC.
2. If there is any loss or damage as described in NHA paragraph 14.5(1)(c), then the Claimant shall either
 - a) pay to CMHC the total amount of that loss or damage, or
 - b) pay to CMHC all of the amounts referred to in clauses 1 (i), (ii), (iii) and (iv) above and accept the transfer or the assignment and payment referred to in clause 1 (v) above;
3. The mortgage is a valid first (or 5) charge on the property for which the loan was insured;
4. The assignment of mortgage submitted to CMHC is effective and registrable;
5. Title to the mortgaged property is good and marketable and clear of all rights or encumbrances having any priority over the mortgage, except as provided by regulation or as approved by CMHC;
6. All security is fully enforceable in accordance with the terms and conditions of the loan insurance, and no security has been released except as provided by regulation or as approved by CMHC;
7. All amounts indicated in the CMHC 1046 Statement of Claim submitted in respect of this loan as being owing by the borrower and secured by the mortgage and other security are correct and there is no claim or right that may be asserted by way of set-off or counter-claim or otherwise pursuant to NHA paragraph 13(5)(c).

PRINT NAME AND TITLE OF LENDER'S/HOLDER'S AUTHORIZED OFFICER

6

SIGNATURE OF LENDER'S/HOLDER'S AUTHORIZED OFFICER

7

DATE

CMHC 2889 5/93 P-PU-040 Canada Mortgage and Housing Corporation is subject to the Privacy Act. Individuals have a right of access to CMHC controlled information about themselves.

Français au verso

CMHC MORTGAGE LOAN INSURANCE

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1. Date - Enter the date the form was completed.
2. Lender Reference No. - Enter the Approved Lender's reference number.
3. CMHC Account Number - Enter the CMHC account number.
4. From - Enter the name, address, contact person and telephone and facsimile numbers of the Approved Lender completing this form and the form CMHC 1046, and claiming payment under the loan insurance policy.
5. Undertakings - Enter in the space provided the priority of the mortgage or charge, i.e. second, third, etc. If the mortgage is a first charge, do not complete this field.
6. Print Name and Title of Claimant's Authorized Officer - Print the name and title of the Claimant's authorized officer who is completing this form.
7. Signature of Claimant's Authorized Officer - Enter the signature of the claimant's authorized officer and the date the form is prepared.

